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PROBLEMS OF DEFAULT IN THE GUARANTEED STUDENT LOAN PROGRAM

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, ARTS AND HUMANITIES

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

EXAMINING THE IMPACT OF DEFAULTS IN THE GUARANTEED STUDENT LOAN PROGRAM ON THE FEDERAL STUDENT AID PROGRAM

DECEMBER 11 AND 18, 1987

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PROBLEMS OF DEFAULT IN THE GUARANTEED STUDENT LOAN PROGRAM

FRIDAY, DECEMBER 11, 1987

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:03 a.m., in room SD-430, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Stafford, Mikulski, Hatch, Thurmond, Quayle, and Kennedy.

OPENING STATEMENT OF SENATOR PELL

Senator PELL. The Subcommittee on Education, Arts and Humanities will come to order.

This hearing marks the first of at least two hearings that will focus on the very serious problem of defaults in the Guaranteed Student Loan Program.

The problem of defaults is indeed serious. Next year, the cost of defaults to the Federal Government could well reach $2 billion. If it were an education program of its own, defaults would be the third largest program at the Department of Education.

As we all know, this is an intolerable situation and should not continue.

Early last month, I remember making a speech in which I outlined a number of concerns and several proposals that I believe should be given very serious consideration in attacking the GSL default problem.

I would like to insert the text of that address in the hearing record immediately following this statement.

There are several matters we want to examine in these hearings. First, we want to see how the changes we made in Higher Education reauthorization last year are actually working.

Second, we must come up with a common definition of defaults so that all can be held accountable on the same basis.

Third, we want to take a careful look at how we can hold both schools and lenders more accountable for defaults. I am of the mind that guaranty agencies should have the ability to drop both schools and lenders with excessively high default rates from participation in the GSL program. There should be safeguards, but they should not be roadblocks.

Fourth, we cannot ignore the very serious problem of the growing imbalance between grants and loans in student aid. In this decade, we have moved from a situation of three-quarters grants and one-quarter loans to almost the opposite—three-quarters loans and one-quarter grants. This trend has had a very negative impact upon the higher education plans of poor students. The number of blacks and Hispanics entering college during the same ten-year period has declined by one-quarter.

Further, those poor students who do attend college have had increasingly to borrow. In the five years from 1979 to 1984, the percentage of historically black college students relying on Federal loans increased from 5 percent to 46 percent. These are the students most at risk, and borrowing among students least able to repay their loans has contributed to the growing problem of defaults in the GSL program.

Because of this, I believe we must take a serious look at the adequacy of these programs. We clearly need a substantial increase in Pell Grant funding, but that would be difficult to achieve because of the budget deficit.

I also believe that we must move to lift the 60 percent cost-of-attendance cap on Pell Grants. This would help poor students finance a post-secondary education without having to borrow large sums of money that they might have difficulty repaying.

I recognize this is a sensitive issue among the various higher education associations, but quite frankly, we must lay aside institutional biases and look at the plight of financially strapped students who are finding that a postsecondary education is beyond their reach.

With this in mind, I know we look forward to welcoming the Secretary of Education.

[The remarks of Senator Pell of November 22, 1987, follow:]

REMARKS OF SENATOR CLAIBORNE PELL (D,RI), CHAIRMAN, SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES, BEFORE THE CONSUMER BANKERS ASSOCIATION, NOVEMBER 2, 1987

It is a pleasure for me to be with you this evening, and to participate in this important student loan and finance conference. I want to commend CBA for holding this event, which comes at a particularly critical point in time.

In one respect, you who are here this evening should look with a great deal of pride at what we have accomplished through our federal student aid programs. Since 1972 there have been more than 33 and one-half million Pell Grants to help deserving men and women pursue a postsecondary education that otherwise could well have been beyond their financial reach.

In our series of campus-based aid programs, we have made over ten million supplemental grants, more than 16 million direct loans and offered more than 13 and one-half million college work study opportunities.

And, in the GSL program, we have made well over 41 million loans.

This panoply of grant, loan and college work study programs has produced admirable results. Today, more than 34% of our high school graduates seek a college education as compared with 23% in 1960. This year, more than 12 million Americans are enrolled in institutions of higher education. Twenty-five years ago, the number was less than a third of that. Today, Americans of every age, race and sex are pursuing a postsecondary education at a rate that is the envy of the world. Truly, we have brought higher education within the reach of all who have the talent and the motivation.

However, the budget crisis and the Administration's efforts to cutback education are threatening what we have worked so hard to accomplish. Such events stand in stark contrast to the message of the futurist Aldous Huxley when he said:

> "The rung of a ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher."

How sad it is that at the very time that we should be celebrating our accomplishments and building upon what we have achieved, we are instead bracing ourselves for an onslaught that risks all that we have done. The threat of Gramm-Rudman-Hollings is no longer simply a threat; it is a juggernaught that is rolling in our direction. Without a bipartisan agreement to increase revenues in addition to cutting programs, it will be upon us in no time.

This year and next we will be faced with cutbacks and program changes that could tear apart the fabric of our federal student aid programs. But in no program is the threat more real than in the GSL program.

To put it simply, we are at the crisis stage in the GSL program. The pre-sequestration moves by the Administration . . . the increase in the loan origination fee to 5.5% and the decrease in the special allowance to 3% . . .are but the distant thunder and lightning in the face of an advancing storm.

Each of us here this evening knows what that storm is. It is the increasing rain of defaults that puts the GSL program in risk of total destruction. The default rate is creeping upward, from about 10% to about 12%. But that is simply the tip of the iceberg.

Next year the cost of defaults to the federal government could well reach $2 billion. If it were an education program of its own, defaults would constitute the third largest program at the Department of Education. That is an intolerable situation. . . . . .one we cannot continue and one we must end as swiftly as reasonably possible.

When we reauthorized the Higher Education Act last year, we took a number of steps to crack down on defaulters. We required checks to be cosigned between the student and the institution. We stipulated that checks be disbursed in at least two installments. We mandated that a student in default be reported to a credit bureau so that could be considered when the individual sought a credit card, or an automobile loan.

We strengthened the limitation, suspension and termination provisions in law to crack down on institutions with high default rates. We reduced reinsurance provisions for guaranty agencies with default rates above 5%. We stopped the infusion of new federal dollars to institutions with NDSL default rates in excess of 15%. In other words, we took a series of actions to deal with the default rate, and not just in the GSL program.

Unfortunately, our actions last year were insufficient, and that forced us back to the drawing boards. This year, when faced with a situation in which a national guarantor sought to impose a differential guaranty fee to different classes of postsecondary institutions, our response included a provision in the Trade bill that would enable guaranty agencies to withdraw their guarantee from institutions that had default rates in excess of 25%. We originally included that provision in order to help guaranty agencies avoid instability that could be caused by a portfolio of institutions at which there were excessively high default rates.

The 25% was not something picked from the sky. It was a figure arrived at in consultation with highly regarded officials in the education community, particularly those associated with state guaranty agencies. It is not an unreasonable figure, particularly when you realize that more than 2,000 of our 8,000 college, universities, community colleges and proprietary schools have default rates in excess of 25%.

The subsequent release of the National Governors' Association Report on institutional default rates has only reinforced my determination in this area. We must begin to hold institutions more accountable for the default rates among their students and former students. Why? Because those institutions also benefit from the federal largesse. The money they receive from federal student aid programs helps keep their doors open, and they have a duty not only to use those funds in a responsible manner but also to make sure that the Federal Government is paid back. For only if we are paid back can the program remain viable and students and schools continue to benefit.

The Senate default provision is not punitive. It is permissive and enables a state guaranty agency to take a number of concerns into account before withdrawing its guarantee. It can look at the institution, where it is located, the number and kind of students it serves, its course offerings, its mission, the number of students it places in jobs, and what it is doing in the default area. All of these might be factored into the decision the guaranty agency ultimately reaches with respect to withdrawal of its guarantee. But where schools seek to take advantage of students and the Federal Government, they should be moved out of the program.

This is not an issue that will simply go away. If we ignore it, we court disaster. Thus, let me say as clearly as I can what we are considering regardless of the outcome in the conference on the Trade bill. For next year, we will most certainly be in the midst of the storm to which I earlier referred.

Where a rising tide lifts all boats, so tragically a falling tide does precisely the opposite. Thus, we will inevitably be asked to consider a range of options not only to curtail the default spiral but also to bring the GSL program even more within our control. This is essential if we are to protect not only the GSL program but all federal student aid programs. You should know, therefore, some of the matters under consideration.

Quite clearly, the first would be a restriction on guaranteeing loans at institutions with particularly high default rates. And, I believe you can figure out the percentage I have in mind. I would also point out, however, that we may want to apply this provision only to net default rates. The current Senate amendment to the Trade bill is not specific in this regard.

Secondly, we understand and will give careful consideration to schools with special missions, such as historically black colleges; . . . to schools where large numbers of students complete their course of study and are placed in jobs; . . . to schools that are making efforts to deal with the default problem through counselling and through better administration of the campus-[illegible]sed NDSL program.

Third, if we can obtain the information we need, we will look very carefully at the default rate among lenders and whether or not due diligence provisions are sufficiently strong. It is possible that we may want to take additional steps to make lenders more accountable for high defaults on the loans they make.

Fourth, we will also consider asking those agencies who can afford it to accelerate repayments on the money advanced to them by the Federal Government.

Fifth, we will take a careful look once again at the allowances and fees paid to lenders and guarantors. We might want to give careful consideration to whether or not these payments can or should have any relationship to defaults. Where such provisions are already tied to default rates, we may want to tighten them further.

Sixth, we must look at the procedures that institutions, lenders, and guarantors use in helping students to understand their repayment obligations. We included provisions of this nature in the Higher Education reauthorization last year, but we must look at how they are working and what. . . if any. . . relationship they should have to penalties for high default rates.

Seventh, we must renew our efforts for more adequate funding of the Pell Grant program. For poor students, the avenue to a college education must be the grant and not the loan. Over the past decade we have seen the balance between grants and loans shift from three-quarters grants and one-quarter loans to point where we are fast reaching exactly the opposite -- one-quarter grants and three-quarters loans.

At the same time, however, it is most disturbing to realize that over the same period of time the number of black high school graduates entering college has declined from 34 percent to 26 percent, while the number of Hispanics entering college has dropped from 36 percent to 27 percent.

These are trends that we cannot continue. Their implications for the education of poor minority students is devastating, and their impact on the GSL program could be ruinous.

Eighth, we may well want to consider changing crucial elements in the Pell Grant program. Because of what has happened in the loan program and more particularly to the education plans of minority students, the funding of the Pell Grant program may not be the only thing we examine. For instance, we may want to give very careful attention to changing the 60 percent cost of attendance rule.

And, ninth, we must also look closely at alternative measures that enable families of even very modest means to save for their children's education. These include the NEST proposal that I advanced earlier this year that would establish a national education trust fund. For the poorest families, contributions to the fund would be tax exempt, while for others contributions would have varying rates of tax deductibility.

In addition, there is the proposal which Senators Kennedy, Stafford and I put forth a week and a half ago that would allow the earned interest on U. S. savings bonds to be tax exempt if the bonds were used to finance a child's education.

For almost two decades in the Senate I have worked hard to move towards fufillment of a personal dream . . . . . that every American who had the motivation and the talent could receive sixteen years of formal education. The lack of financial resources would not stand in their way. That dream did not involve saddling young people from poor families with enormous personal debts that would narrow their career choices. I saw in my dream the chance for a young person to shake loose the bonds of poverty and not to have them replaced with the shackles of personal debt. That serves neither the person nor our Nation.

The period ahead will be a difficult one for all of us. It will undoubtedly require sacrifice, and the burden of that sacrifice must be borne by all. It will be of no help whatsoever to seek to shift the burden to others or to seek complete exclusion. For only if we pull together can we avoid being torn apart.

I offer these thoughts with that concern uppermost in my mind. I offer them also in the spirit of the educator Dennis Lee Trueblood, who said:

> "It is not possible to advance without taking thought, and without taking thought together."

For my part, I will continue to be deeply committed to the principle that guides my every action in education. And, that is that the real strength and health of our nation depends not upon our weapons of destruction, nor upon our machinery of construction, nor even upon the amount of gold in Fort Knox. It depends instead upon the sum total of the education and character of our people. Out task, therefore, is to make sure that our education programs remain strong and viable. . . . . for it is through them that we secure the strength and viability of this great democracy.

Thank you.

Senator **Pell**. I will turn to our Ranking Minority Member, Senator Stafford.

OPENING STATEMENT OF SENATOR STAFFORD

Senator **Stafford**. Thank you, Mr. Chairman.

I want to join in the welcome to Secretary Bennett. If we are a little tired today from the late session, I understand the Secretary may have flown in from the West Coast. So being here this morning is probably above and beyond the call of duty. But we welcome you, Mr. Secretary.

I am pleased to join you today, Mr. Chairman, at the Subcommittee's very timely hearing on the growing problem of default in the Guaranteed Student Loan Program.

I am particularly pleased that Secretary Bennett is here today as the lead witness. I look forward to his testimony and that of the other distinguished panelists.

The Guaranteed Student Loan Program is a vital piece of the comprehensive package of Federal aid our Government offers students to insure access to postsecondary training. Recent reports documenting an increase in both the volume and percentage of student loans in default are troubling to all of us.

The purpose of our hearing today is to thoroughly examine the reasons for this increase; the accuracy of the information accumulated regarding these defaults, and legislative proposals to address the problem.

In the mind of this Senator, the stakes are high. The future confidence of the Congress and the Nation's taxpayers in the financial viability of the GSL Program lies in the balance.

I would like to congratulate my friend and Subcommittee Chairman, Senator Pell, on the speed with which these important hearings were scheduled and his continued leadership on this issue. I look forward to working with him in the coming weeks to develop legislation in this area in response to the testimony which will be presented today and again on the 17th of December.

Thank you, Mr. Chairman.

Senator **Pell**. Thank you very much indeed.

I would ask unanimous consent to insert in the record statements on the part of Senators Kennedy, Simon, and Quayle.

[The statements referred to follow:]

OPENING STATEMENT OF SENATOR EDWARD M. KENNEDY

Senator **Kennedy**. The Federal Government's student assistance programs have had a dramatic impact on access to higher education. Today, roughly 12 million college students are enrolled in postsecondary education and many of these students would not be there were it not for Federal student aid. Higher education is the Nation's best hope for long-term economic growth and social progress. I have always been a strong supporter of these programs and will continue to be.

There is, however, a serious problem in the Guaranteed Student Loan Program. It is no secret that the cost to the Federal Government of loan defaults is very high—about $1.7 billion next year—and is increasing at an alarming rate. Money spent on defaults cannot be spent on other student aid programs—such as Pell grants—or on other educational programs—such as chapter 1 and special education. In short, the money devoted to loan defaults cannot be used to fund other education initiatives.

I believe we should fully fund the Pell Grant Program to ensure that eligible students receive the maximum grant. But until we begin to control G.S.L. default costs, it is impossible to achieve this goal.

In our efforts to address the default problem, we must move cautiously. Many schools with high default rates also serve a very high percentage of minority and disadvantaged students. I am especially troubled by any proposal that would eliminate large numbers of these schools and their students from the program.

Steps taken to reduce default costs must be broadbased: they should involve students, lenders, guarantee agencies and schools. Proposals that have a draconian effect on any single group will greatly undermine the viability of the entire program and are therefore to be avoided. We must look carefully at all proposals for reducing the default costs, but the bottom line is that we must look for solutions. We cannot avoid this issue.

I would like to take this opportunity to thank Senators Pell and Stafford for taking the initiative on this important matter. In July, they included a provision dealing with defaults in the trade bill that begins to address this problem, and both have spoken eloquently about the need to reduce default costs. As is often true on education matters, the Senate is in debt to both for their leadership and foresight on this issue.

I am pleased that Secretary Bennett was able to revise his schedule to join us today and I look forward to learning more about his proposal and the others that have been put forward.

OPENING STATEMENT OF SENATOR PAUL SIMON

Senator **Simon**. Good morning, Mr. Chairman. I want to begin by commending you for acting promptly in holding these hearings on the question of the increased costs the Federal Government is obligated to pay for defaulted student loans. As has been typical of your long-standing and distinguished stewardship of this subcommittee—you have acted swiftly and decisively on an issue of extreme importance to student access and choice, and to the continued vitiality of the title IV, student assistance programs under the Higher Education Act.

I would like to make a few comments as we begin these hearings. First, we have a significant problem. As the New York Times editorialized on October 8, 1987, the Federal Government now spends more on loan defaults ($1.3 billion in fiscal year 1987) than we spend on Head Start ($1.13 billion in fiscal year 1987). Loan defaults are the third largest student aid expenditure and the sixth largest Federal education expenditure. If loan default expenditures reach the $2 billion level projected by the Department in fiscal year 1989, it will be a true travesty inflicted on the hopes and aspirations for a postsecondary education of millions of low- and middle-income Americans.

Second, we must recognize that a significant part of the problem we face is systemic. That means that the we are simply reaping the whirlwind of the dramatic growth of the Guaranteed Student Loan Program since 1978, given the number of loans in repayment since 1979; the discernible shift in the amount of Federal student aid provided from primarily grants to relatively equal amounts of grant and loan aid; and the substantial burden placed on students—as opposed to their parents—to pay for the rising cost of college by borrowing cannot be cured without addressing the underlying problem. We cannot solve the high default problem as long as we continue to burden large numbers of low- and middle-income students with substantial debts as they acquire an associate or baccalaureate degree, specific training or a skill certificate.

Third, we must address the underlying problem with regard to the accuracy and completeness of existing data on student loan defaults. The information contained in the Secretary's guaranty agencies' Guaranteed Student Loan Program record dump data: (1) inaccurately portrays the default picture at the institutional level because it is incomplete, that is, default data for some schools is not included, and in some instances recoveries, refunds and collections are not reflected in a "net" default amount; (2) projects national default amounts on the basis of cumulative default totals, rather than a annual "net" amount in default; and (3) uses a default rate, which is of limited value, since it does not indicate the amount of GSL dollars in default, for example, if 30 of 100 students at a cosmetology school borrow $1,500 and fail to pay the last $500 to the lender, a 30 percent default rate would result; however, if 30 students at a large research university with $15,000 default fail to pay $10,000 each, that would produce a 0.3 percent default rate. The difference, between defaulting on $15,000 and $300,000 is substantial, while the default rate itself is almost irrelevant.

Finally, we must strengthen the role played by institutions in preventing defaults and assisting in collections. On December 8, 1987, I introduced S. 1931, the Student Loan Default Prevention and Debt Collection Act. S. 1931 would impose the following new responsibilities on institutions: (1) require them to maintain additional information on borrowers, including family addresses, parents place of business, etc.; (2) increased loan counseling and exit interview responsibilities, including obtaining the student's signature on a form acknowledging receipt of the student's first loan and indicating its terms and conditions, as well as the rights and responsibilities of the borrower; (3) require the development, adoption and implementation of a default prevention policy and plan; (4) make available to institutions the initial delinquency notice and the final demand letter from the lender/holder and (5) require the witholding of transcripts of borrowers who are in default.

I am committed to finding a workable solution to the default problem. I strongly oppose simplistic solutions and proposals which appear designed to grab headlines, rather than prevent defaults or recover Federal funds. I look forward to hearing from these witnesses and working with my colleagues on this difficult problem.

OPENING STATEMENT OF SENATOR DAN QUAYLE

Senator QUAYLE. Mr. Chairman, I want to commend you for holding this hearing today, and the one next week, on a very important and timely subject—that of student loan defaults. As you know, I introduced a bill on November 18, 1987, the Student Loan Default Reduction Act, to help address this serious problem facing the federal Guaranteed Student Loan (GSL) program.

The hearings held by this Subcommittee will be important so that we can move forward with legislative remedies early next year. I pledge my support to work with you and Senator Stafford, as well as the Administration, to help bring down the cost of defaults.

Many people ask what is an appropriate response to the problem of defaults and what is an appropriate default rate for the GSL program. I frankly cannot answer that question. I think we will always have some defaults in the GSL program, as that program was designed to aid students that do not have creditworthiness.

However, what is important to me is that the trend of student loan defaults reverse itself, and that instead of increasing costs over the next several years, we see a steady and marked decrease.

A recent study sponsored by the National Governor's Association has attracted attention to the default issue and shown that the problem in the GSL program is not going away, despite our many, previous efforts. Instead, the cost of defaults to the government is growing, and it appears that the cost will continue to grow over the next several years.

For fiscal year 1988, the cost of defaults in the GSL program is estimated at $1.6 billion, an increase of $300 million from last year. Independent estimates suggest that by 1990, defaults could cost the government $2 billion. In a program that had an annual appropriation of $2.717 billion in FY 1987, this is a staggering percentage to have to pay for default costs. What disturbs me more is the loss of this money as direct aid to needy students. The federal government should be paying for students to attend college, not for the cleaning-up costs of their defaults.

There is no simple explanation for this increase in default costs, but perhaps the most obvious is the increase in the amount of money borrowed under the program now coming into repayment. In 1979, loan volume in the GSL program was $3 billion. By 1982, that had climbed to $6.2 billion, and for 1987, loan volume was $8.6 billion.

Obviously, not all of these loans enter default. The default rate in the GSL program shows that the percent of loans in default has changed only slightly over the last few years. The net default rate for GSLs in 1981 was 9.7 percent; in 1982, it was 8.7 percent; in 1983, it was 8.3 percent, in 1984, it was 8.3 percent; in 1985, it was 8.9 percent, and in 1986, it was 9.4 percent. Clearly, over 90 percent of the students borrowing under this program are repaying their loans and meeting their obligations.

For instance, in my state of Indiana, only 4.3 percent of borrowers defaulted on their loans, the fourth lowest default rate in the nation. I am pleased that Indiana has such a good record in this program, and hope other states will move in this direction.

But other states have default rates in the double digits, and in a survey of 8,300 institutions participating in the GSL program, two-fifths had student borrowers with default rates in excess of 20 percent, and more than one-tenth had default rates in excess of 40 percent.

I have long been involved in the search for good management to reduce defaults. In 1984, I introduced legislation, which was included in the 1985 reconciliation bill and also in the Higher Education Act Reauthorization of 1986, to improve collections and reduce defaults. During the Higher Education Act Reauthorization process, I suggested and supported many changes to reduce and prevent defaults and improve collections in the GSL program.

I also introduced S. 685, to make permanent the IRS tax offset program for defaulted student loans. This program has been very successful and has resulted in the recovery of over $340 million in the two-year test period. The Senate Finance Committee has extended this program in their 1988 reconciliation bill, and I hope we can see this provision enacted quickly.

Today, we will hear from Secretary of Education Bennett, who announced on November 4, 1987 new guidelines to restrict eligibility in the federal student aid programs to schools with default rates of less than 20 percent. The Department plans to implement this change by regulation, effective in 1990. I commend the Secretary for making default reduction a high priority and for attracting attention to the problem.

The recent changes that Congress has made and the ones I have proposed in my bill, S. 1879, will not bring down the GSL default costs immediately (as so many defaulted loans are already in the pipeline), but they will help put the program on a more sound footing and surely reduce the estimated $2 billion default cost by 1990.

Additionally, these changes are designed to forestall some more dramatic steps that others may seek which would have the affect of limiting access to student loans. Should the default problem persist unchecked, I do not think it is unreasonable to expect proposals to eliminate certain categories of students or types of schools from eligibility in the program. I do not want to go that far, as I believe the purpose of the GSL program has been to provide access, and I hope my colleagues will support this legislation as a reasonable approach to solving this problem.

The bill I am introducing today would do the following:

Permit a guaranty agency to suspend a school, after reasonable notice and opportunity for a hearing, that has a total default rate of 30 percent or higher from the GSL program for 12 months. This provision is similar to one in the Senate trade bill, except that a guaranty agency would look at the total default rate of the school, not just the rate for loans held by that guarantor. After the 12-month period, the school could apply to have the loan insurance reinstated, if the school could demonstrate that it has taken action designed to reduce its default rate. In fiscal year 1992, the 30 percent cutoff would be reduced to 25 percent.

Allow a school to buy out or pay off defaulted loans belonging to students at that school. Once the loan is paid off in full by the school, no further federal interest or subsidy would be paid on that loan. These payments are designed to reduce the default rate of the school.

Require any school which has a cumulative default rate of 30% or above to act as a cosigner of the GSL.

Require the lender and the guaranty agency to notify the school when the borrower becomes delinquent or goes into default. The school would then be required to report any known address changes to the lender or the guaranty agency.

Permit guaranty agencies to request information from schools on student admissions, default rates, withdrawals, and placement rates.

Reduce the reinsurance paid to guaranty agencies from 100 percent to 95 percent.

Require the Division of Eligibility and Certification at the Department of Education (ED) to review schools' default rates every 12 months. If a school had a default rate of 30 percent or higher, ED would notify the school that it would be on probation and that it could be suspended, after reasonable notice and opportunity for a hearing, from the program for one year. The school would have to domonstrate that it had taken positive steps to reduce defaults to restore eligibility. In fiscal year 1992, the 30 percent cutoff would be reduced to 25 percent.

Require annual publication by the Department of Education of data showing default rates by schools, guaranty agencies, and lenders.

Require a substantial refund of tuition if the student withdraws from a school within 7 days.

Require, rather than permit, the performance of pre-claims assistance by guaranty agencies on a loan before that loan is filed for default.

The effective date for these changes would be with respect to loans made for periods of instruction beginning on or after January 1, 1988 or for periods beginning 30 days after the enactment of this legislation, whichever is later.

One issue that needs to be worked out is the definition of a default, and I am anxious to hear from the Secretary and our witnesses what they believe is a fair definition. This definition will be key to any decisions we make regarding student loan defaults.

Again, Mr. Chairman, I commend you for holding this hearing and I look foward to working with you on this subject.

Senator **PELL.** Senator Mikulski?

OPENING STATEMENT OF SENATOR MIKULSKI

Senator **MIKULSKI.** Thank you, Mr. Chairman.

Mr. Chairman, I too am very pleased to participate in this hearing. The issue of student loan defaults is one we must address, and Senator Pell, your leadership in higher education has been important, and once again, you are tackling a very hard issue from the perspective of institutional integrity, and yet student needs.

The high rate of student defaults on these Federal programs is very, very disturbing. And yet at the same time, we need to encourage students to prepare themselves for the work force in the year

2000—something I know Secretary Bennett is interested in, and our new Secretary of Labor Ann McLaughlin.

One way in which we can accomplish a work force readiness is to invest in our young people for the dreams of their education and their future.

For many, the loan for college education is their first mortgage. Like any mortgage, it is large and must be repaid.

I am here today to learn about the problem, to find out how and why it has gotten so out of control. In addition I hope that we in the Senate take a look at crafting not only solutions to this issue, but how we can make opportunities available to young people where they might not be strapped with so much debt that they are just absolutely crippled.

Mr. Chairman, one of the things I will be interested in is are these young people who are defaulting essentially irresponsible ne'er-do-wells, or are many going into jobs that pay modest salaries. I will be interested to know if the student loan default is higher among, say, teachers, among nurses, among social workers, people who choose public service and have very modest means.

It is very hard to be a nurse, graduate from a four-year college, and make less than a word processor, and then pay off a $12,000 student loan.

These are the kinds of questions we will look forward to exploring with the Administration and with the witnesses, and I look forward to working with you on this issue.

Senator Pell. Thank you very much, Senator.

Senator Hatch.

OPENING STATEMENT OF SENATOR HATCH

Senator Hatch. Thank you, Mr. Chairman.

I want to welcome the distinguished Secretary of Education and his colleagues with us today. We appreciate all the work you do, and we appreciate the very trying times in which you are doing it.

I want to congratulate you, Mr. Chairman, and Senator Stafford, for scheduling these two oversight hearings of the Subcommittee on Education, Arts and Humanities to inquire into the problem of the rising cost of defaults in the Guaranteed Student Loan Program. The cost of defaults, I am told, has become the third largest "program" in the Department of Education's budget.

Congress and the Executive Branch have recently joined forces in an attempt to put our fiscal house in order, to cut our mammoth yearly deficits and thus, of course, our escalating national debt. In conjunction with that effort, this is certainly an appropriate time to inquire into the cost of all our Federal programs, and particularly such a large one as the Guaranteed Student Loan Program.

I have long been a supporter of that program. GSLs provide many students across the country—over 20,000 in my own home State of Utah last year alone—with access to educational opportunities otherwise unavailable to them. If they make good use of that opportunity, these students, young and maybe some not-so-young, will have far wider horizons and an enhanced ability to take advantage of all that our society has to offer.

To keep this program available in the future, however, we have to ensure that every one of our taxpayers' dollars expended is well spent. Excessive spending to cover defaults is just plain not acceptable. I believe that is what these hearings are all about.

Mr. Chairman, although it sometimes appears very simple, in fact the technical operations of the GSL program make it a very complex program to understand and to fine-tune. Besides the Federal Government, which guarantees the loan and pays certain servicing costs, and the student borrower, a variety of lending institutions, guaranty agencies, and to some extent, post-secondary educational institutions, are part of the total GSL picture.

To ensure that the Federal moneys in the GSL program are efficiently spent, we have to look at all aspects, listen to the advice of all participants, in the GSL program.

So I commend you, Mr. Chairman, on the range of witnesses you have scheduled for these two hearings. With their necessarily diverse perspectives, we should begin to understand, it seems to me, how better to manage the costs of this program and particularly the default costs.

I thank all of the witnesses for their willingness to give us their advice, and I am particularly grateful to the Secretary of Education for coming to explain his newly-announced anti-default program.

Unfortunately, I am not going to be able to stay for all of the discussion because I have an Intelligence Committee meeting and also another meeting, both of which mandate that I be there. So I would like to submit some written questions to all of the witnesses at today's and next week's hearings, and I hope they will take time to answer them with your permission, Mr. Chairman.

I also have some further questions for the Secretary about his announced program for default reduction and the other legislative proposals he has submitted for our consideration.

Many people in Utah—students and their families; financial aid and other officers of education institutions; GSL lenders; and the Utah Higher Education Assistance Board, our State's guaranty agency, and the Utah Board of Regents—all have been asking these questions. I would like to help them get some answers. And I think those answers will help us, too, as we try to manage the GSL program and particularly the cost of defaults.

We have already begun that task with the proposed legislation to reauthorize the income tax offset for defaulted obligations. I am a cosponsor of that bill. But we need to do more. We need to act with all deliberate speed but also, I think, with considered judgment.

So I want to thank you again, Mr. Chairman, for arranging these oversight hearings and for allowing me to submit these questions. My thanks again in advance to the witnesses for answering the applicable questions.

I look forward to working with all members of this Committee and with all of you who are testifying today and others, and with other members of the Subcommittee and the full Labor and Human Resources Committee, to put together a package of effective coordinated measures for making the Guaranteed Student Loan Program more cost-effective and thus, I think, ensuring its continued availability to assist future generations of students seeking higher education.

This is an important hearing; these are important issues, and I am grateful for the leadership that you and Senator Stafford are providing.

Senator PELL. Thank you very much, Senator Hatch.

[Additional material submitted for the record by Senator Hatch follows:]

SENATOR HATCH'S QUESTIONS

GSL DEFAULTS OVERSIGHT HEARINGS

DECEMBER 11 AND 17, 1987

GENERAL QUESTIONS--ALL WITNESSES

1. What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

2. What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both? ______________?

3. What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

4. Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student borrower who defaults on a GSL?

   o It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

5. Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

6. Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly any concerning the appropriate student aid package at that type of school?

7. A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

8. Of the total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access" to education. It would be shortsighted if, in

dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

- o Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? other so-called "risk-sharing" proposals? requirement of a uniform guaranty fee? various increased due diligence proposals?
- o Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in financial cost to the student?

9. The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in the Higher Education Amendments of 1986. Various institutional organizations or groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

- o What is the legitimate extent of institutional responsibility?
- o Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on educating students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

10. What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

11. Given the difference between GSLs (e.g., no credit check, no collateral requirement) and standard commercial loans, what is a

realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

- o Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?
- o What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?
- o Would the taxpayers' dollars now being spent for default costs be better spent on grant programs? On work-study programs?

12. Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

13. What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

- o Can current law requirements be increased? If so, how? How costly are any of the current requirements or any proposed new measures? Are they cost-effective?
- o Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating defaults?
- o Is there a point at which due diligence becomes so onerous and costly for a lender or a guaranty agency that either or both would limit student access or leave the program altogether?
- o In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

14. Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to serve high risk students and thus at odds with providing expanded access to educational opportunity.

- o Which do you believe is the more accurate view of these provisions or proposals?
- o If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

15. The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

16. The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

17. One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

18. If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guaranty agencies? by ED?

- o What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?
- o Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?
- o What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

19. There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extent are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency of agency reserves?

Senator **Pell**. Senator Thurmond, do you have a statement?

OPENING STATEMENT OF SENATOR THURMOND

Senator **Thurmond**. Yes, thank you, Mr. Chairman.

Mr. Chairman, I am very pleased you are holding these hearings on a very important matter. I want to commend you and Senator Stafford for your leadership in education matters.

In fiscal year 1988, American taxpayers will pay more than $1.6 billion to cover defaults on loans issued under the Guaranteed Student Loan Program. This is due in large part to the increased number of loans now being made—rising from $3 billion in 1978 to almost $10 billion in 1986.

Nevertheless, many have expressed concerns that these increasing default costs are undermining public confidence in the GSL program, taking away scarce public resources from other student aid programs and depriving future students of Federal student aid as more and more of the available resources are diverted to pay bad debts.

Mr. Chairman, a number of steps have been taken to control these defaults, including: greater use of private collection agencies to complement Federal collections; offsetting the salaries of Federal employees in default; notifying national credit bureaus of GSL defaulters; and establishing an IRS tax refund offset program.

Mr. Chairman, I am pleased we are having this hearing today to examine further steps we can take to address this problem. The Department of Education has recently announced a series of steps it will take, and members of this Committee have recently introduced legislative initiatives. I intend to look at these initiatives very closely.

Mr. Chairman, as we examine these proposals, we should keep in mind that there are a number of colleges which have traditionally served students from disadvantaged backgrounds. The Community and Historically Black Colleges have taken upon themselves a special responsibility to provide educational access to low-income students. Accordingly, any initiative in this area should recognize the unique role these institutions play.

Mr. Chairman, while my schedule may not allow me to stay for the entire hearing, I look forward to reviewing the testimony of the witnesses today.

We are very glad to see Secretary Bennett here, and want to commend him for the fine job he is doing.

Senator **Pell**. Thank you very much indeed, Senator Thurmond.

Secretary Bennett, welcome, and we look forward to hearing from you.

STATEMENT OF HON. WILLIAM J. BENNETT, U.S. SECRETARY OF EDUCATION, ACCOMPANIED BY BRUCE CARNES, DEPUTY UNDER SECRETARY, AND DR. RONALD KIMBERLING, ASSISTANT SECRETARY, OFFICE OF POSTSECONDARY EDUCATION

Secretary **Bennett**. Thank you, Mr. Chairman.

Senator Stafford kindly acknowledged the fact that I took the "red-eye" plane last night. I may become the person in the joke that you told at the geography hearing some time back. You told a joke about a person who was dreaming he was making a speech on the Senate Floor and woke up and discovered he was. In any case, I will carry on.

Six weeks ago, I announced a new initiative to deal with the problem of student loan defaults—a problem that has indeed reached intolerable proportions.

Virtually one-half of the Guaranteed Student Loan Program budget will go to default payments, as indicated in our first chart there. This amounts to some $1.6 billion this fiscal year alone. And as you can see in the second chart, the trend continues to rise.

Paying off defaulted loans now ranks as the third largest expenditure of the Department of Education, as several of you have already noted. This is an intolerable and disgraceful situation, and certainly, no one in the Congress or the Executive Branch intended this to happen. It is a situation we cannot tolerate.

As you know, the Reagan Administration has already taken a number of actions to deal with various aspects of this student loan default problem, including the 1986 due diligence regulations and, in the case of individual defaulters, referrals to the Justice Department for prosecution or the offset of IRS refunds on income taxes. The IRS offset alone returned over a quarter of a billion dollars to the U.S. Treasury in the last two years.

But the Federal Government continues to pay off vast numbers of defaulted loans because the Government has given its guarantee—its word—that these loans will be repaid. I fully support this guarantee.

But the individual, too, has given a guarantee. The student has provided his signature and given his word that he will repay his loan. Certainly, it is the individual who bears the major share of responsibility for paying back that loan. But other parties are also involved.

Guarantee agencies and lenders are involved, and we have new regulations in place and legislative proposals before you now that would increase their responsibility. Postsecondary institutions are involved, too, and last month I announced a policy to address the role these institutions play in the high rate of default.

But I do want to emphasize that our effort is not focused on only one party or another; it is focused on all of the relevant parties.

In brief, with regard to this institutional focus, the Department will calculate each institution's annual GSL default rate in December 1989 and again in December 1990. New regulations will be developed that will make institutions with a rate above 20 percent in December 1990 subject to limitation, suspension and termination proceedings with respect to their continued participation in the Federal student aid programs.

Since I announced this policy last month, much of the reaction has been positive. But let me address today the major criticisms that we have heard of our proposal. One criticism focuses on the question of the responsibility of institutions. It has been suggested that it is improper to place any responsibility on an institution because, after all, it is the student who defaults and the lender who makes the loan.

But the reality of the situation is that institutions do bear a responsibility. As you, Senator Pell, said last month: "The money institutions receive from Federal student aid programs helps keep their doors open, and they have a duty not only to use those funds in a responsible manner, but also to make sure that the Federal Government is paid back."

The Washington Post said in an editorial that, "in settings where the default rate is over 50 or even 20 percent, schools are exercising the wrong kind of self-help."

Now, we must point out that the majority of postsecondary institutions, like the majority of individuals, do act responsibly concerning their accountability for the guaranteed loans from which they benefit. But about one-third, some 2,190, of the institutions participating in the GSL program had default rates above 20 percent in 1986. These 2,190 institutions were responsible for some 57 percent of the total amount of money in default.

Some of the institutions and their representative bodies are beginning to address this problem. The Association of Independent Colleges and Schools, in conjunction with the National Association of Trade and Technical Schools and other private career school groups, has produced a manual on steps institutions can take to drive down defaults. This manual asserts that "We do know we have a default problem, and it is getting worse." And the American Council on Education sent a letter to college presidents urging them "to do all we can to reduce the default rate."

These efforts are useful. But more are needed, and thus our new policy. We trust that this policy will lead many institutions to lower their default rates to levels where they will be able to remain in the program. But it is true that there are probably some institutions that will not act to meet this standard. Those that do not should not remain in a program designed to promote educational opportunity, not educational default.

Another criticism is that our policy could deprive minority and low-income students of an opportunity to get a postsecondary education. This is not true. There are thousands of institutions throughout the country with low default rates, including proprietary institutions, historically black colleges and universities, and other schools that enroll large numbers of low-income students. And there are steps that institutions with high default rates—no matter what their enrollment make-up—can take to improve their rates. Also, before reaching any final decision, the Department will of course examine each case individually, considering each school's circumstances and its efforts to curtail its default rate.

I fully support a wide range of opportunities for students in postsecondary education—including private, public, vocational and proprietary schools. Our policies will not deprive any student of a postsecondary education.

Students can take their student aid and study at the thousands of responsible institutions that exist. Indeed, they will be better off doing so. For we must be skeptical about the real educational opportunities provided by institutions with very high default rates, since high default rates tend to correlate with high dropout rates and other institutional deficiencies.

During the past month there has been a widening consensus that postsecondary institutions must come to grips with the default problem. I am pleased by this consensus. The Department has done much already, ranging from the initiative we announced last month to again increasing lender and guarantee agency due diligence requirements and to proposing new accreditation regulations. And we intend to do more.

But to do more, we need the help of the Congress. In recent years, the Congress has given the Department several new tools to use in preventing and discouraging defaults and in improving the collection of defaulted loans. But now we need some legislative changes. We have proposed such changes in the past.

Let me call upon the Congress again today to give us more of the tools we need to do the job of curtailing student loan default more effectively.

For example, legislative authority for the IRS offset program, which as I have noted, brought in over a quarter of a billion dollars in the last two years, has now run out. I ask the Congress to renew this authority so that we can continue to use this successful means to collect on defaulted loans.

Let me also repeat the appeal in my November 13 letter to the Congress, that the Congress lift the restrictions on the use of the National Student Loan Data System. This would permit better verification of borrower eligibility by enabling institutions and lenders to check whether a student loan applicant is already in default on previous loans.

We have also asked that the Congress require the lenders to share more of the risk, so that they will have an incentive to practice greater diligence in their collection efforts before filing default claims.

Furthermore, guarantee agency reinsurance should be limited so as to encourage stricter agency enforcement of lender and agency due diligence collection standards. And we need to tighten up on the "ability to benefit" provision so as to prevent the wholesale recruitment by institutions of unprepared students, who have a very high probability of dropping out and then defaulting on their loans.

We would also like broader authority to consolidate loans so as to decrease a student's repayment burden.

Furthermore, as the law currently stands, financial aid administrators are allowed to depart from statutory and regulatory formulas for determining a student's cost of attendance, expected family contribution, independent student status, satisfactory progress compliance, and duration of Pell Grant eligibility, upon a finding of special circumstances or undue hardship. Because neither the school nor the administrator has any incentive to control the costs to the GSL program in the exercise of this discretion, a potential for abuse exists and needs to be addressed in law.

Another problem area concerns the ease with which a proprietary school operator who has been convicted of student loan fraud can begin all over again at a different institution. We intend to tighten up our regulations so as to prevent these abuses and otherwise to improve accountability in our student aid programs.

The States also have a part to play, and I will soon be in touch with the governors of all 50 States, addressing this issue and offering suggestions to them for ways in which they can help us tackle this problem.

Our efforts to date have emphasized the responsibility of individual borrowers, lenders, guarantee agencies and now institutions. We all have a part to play in dealing with this intolerable situation.

I look forward to continuing to work with the Congress to develop legislation that would permit further steps to be taken. To this end, I will make available staff and resources of the Department to work with your Committee and staff. Today's default rates are not merely an embarrassment; they are an injustice to the millions of American taxpayers who generously support our student aid programs, and to the millions of students who act responsibly in repaying their loans.

If these default rates continue, they will jeopardize future educational opportunities for millions of students. We cannot allow this to happen.

Thank you very much, Mr. Chairman. I would be happy to respond to questions. I am joined by Bruce Carnes, to my right, Deputy Undersecretary; and Dr. Ronald Kimberling, Assistant Secretary, Office of Postsecondary Education.

[The prepared statement of Secretary Bennett and responses to subsequent questions, follow:]

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

FOR RELEASE: 10:00 A.M. (EST)
Friday, December 11, 1987

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WILLIAM J. BENNETT

U.S. SECRETARY OF EDUCATION

Testimony on Student Loan Defaults for the Senate Subcommittee on Education, Arts and Humanities

Dirksen Senate Office Building
Room 430
December 11, 1987

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

Six weeks ago I announced a new initiative to deal with the problem of student loan default -- a problem that has reached intolerable proportions. Virtually one-half of the Guaranteed Student Loan (GSL) budget -- some $1.6 billion this fiscal year alone -- will go to default payments. Paying off defaulted loans now ranks as the third largest expenditure of the Department of Education. This is a disgraceful situation that no one in the Congress or Executive branch intended -- and one that we should not tolerate.

As you know, the Reagan administration has already taken a number of actions to deal with various aspects of this student loan default problem, including the 1986 due diligence regulations, and, in the case of individual defaulters, referrals to the Justice Department for prosecution or the offset of IRS refunds on income taxes. The IRS offset alone returned a quarter of a billion dollars to the U.S. Treasury in the last two years.

But the Federal Government continues to pay off vast numbers of defaulted loans, because the Government has given its guarantee -- its word -- that these loans will be repaid. I fully support this guarantee. But the individual, too, has given a guarantee. The student has provided his signature, and given his word, that he will repay his loan. Certainly, it is the individual borrower who bears the major share of responsibility for paying back his loan. But other parties are also involved.

Guarantee agencies and lenders are involved, and we have new regulations in place and legislative proposals before you now that would increase their responsibility. Postsecondary institutions are involved too, and last month I announced a policy to address the role these institutions play in the high rate of default.

In brief, the Department will calculate each institution's annual GSL default rate in December 1989 and again in December 1990. New regulations will be developed that will make institutions with a rate above 20 percent in December 1990 subject to limitation, suspension, and termination proceedings with respect to their continued participation in federal student aid programs.

Since I announced this policy last month, much of the reaction has been positive. But let me address today the major criticisms we have heard. One criticism focuses on the question of the responsibility of institutions. It has been suggested that it is improper to place any responsibility on an institution because, after all, it is the student who defaults and the lender who makes the loans.

But the reality of the situation is that institutions do bear a responsibility. As Senator Pell said last month, "the money institutions receive from federal student aid programs helps keep their doors open, and they have a duty not only to use those funds in a responsible manner but also to make sure that the Federal Government is paid back." The Washington Post said in an editorial that "in settings where the default rate is over 50 or even 20 percent . . . schools are exercising the wrong kind of self-help."

Now, the majority of postsecondary institutions -- like the majority of individuals -- do act responsibly concerning their accountability for the guaranteed loans from which they benefit. But about one third -- some 2190 -- of the institutions participating in the GSL program had default rates above 20 percent in 1986. These 2190 institutions were responsible for some 57 percent of the total amount of money in default.

Some of the institutions and their representative bodies are beginning to address this problem. The Association of Independent Colleges and Schools, in conjunction with the National Association of Trade and Technical Schools and other private career school groups, has produced a manual on steps institutions can take to drive down defaults. That manual asserts that "We do know we have a default problem -- and it is getting worse." And the American Council on Education sent a letter to college presidents urging them "to do all we can to reduce the default rate."

These efforts are useful. But more are needed, and thus our new policy. We trust that this policy will lead many institutions to lower their default rates to levels where they will be able to remain in the program. But it is true that there are probably some institutions that will not act to meet this standard. Those that do not should not remain in a program designed to promote educational opportunity, not educational default.

Another criticism is that our policy could deprive minority and low-income students of an opportunity to get a postsecondary education. Not true. There are thousands of institutions throughout the country with low default rates, including proprietary institutions, historically black colleges and universities, and other schools that enroll large numbers of low-income students. And there are steps that institutions with high default rates -- no matter what their enrollment makeup -- can take to improve their default rates. Also, before reaching any final decision, the Department will examine each case individually, considering each school's circumstances and its efforts to curtail its default rate.

I fully support a wide range of opportunities for students in postsecondary education -- including private, public, vocational and proprietary schools. Our policies will not deprive any student of a postsecondary education. Students can take their student aid and study at the thousands of responsible institutions that exist. Indeed, they will be better off doing so. For we must be skeptical about the real educational opportunities provided by institutions with very high default rates -- since high default rates tend to correlate with high dropout rates and other institutional deficiencies.

During the past month there has been a widening consensus that postsecondary institutions must come to grips with the default problem. I am pleased by this new consensus. The Department has already done much, ranging from the initiative we announced last month, to increasing lender and guarantee agency due diligence requirements, to proposing new accreditation regulations. And we intend to do more.

But to do more we need the help of the Congress. In recent years the Congress has given the Department several new tools to use in preventing and discouraging defaults, and in improving the collection of defaulted loans. But now we need some legislative changes. We have proposed such changes in the past. Let me call upon the Congress again today to give us more of the tools we need to do the job of curtailing student loan default more effectively.

For example, legislative authority for the IRS offset program, which, as I have noted, brought in a quarter of a billion dollars in the last two years, has now run out. I ask the Congress to renew this authority so that we can continue to use this successful means to collect on defaulted loans.

Let me also repeat the appeal in my November 13 letter to the Congress, that the Congress lift the restrictions on the use of the National Student Loan Data System. This would permit better verification of borrower eligibility by enabling institutions and lenders to check whether a student loan applicant is already in default on previous loans. We have also asked that the Congress require the lenders to share more of the risk -- so that they will have an incentive to practice greater diligence in their collection efforts before filing default claims. Furthermore, guarantee agency reinsurance should be limited so as to encourage stricter agency enforcement of lender and agency due diligence collection standards. And we need to tighten up on the "ability to benefit" provision so as to prevent the wholesale recruitment by institutions of unprepared students, who have a very high probability of dropping out and then defaulting on their loans. We would also like broader authority to consolidate loans so as to decrease a student's repayment burden.

Furthermore, as the law currently stands, financial aid administrators are allowed to depart from statutory and regulatory formulas for determining a student's cost of attendance, expected family contribution, independent student status, satisfactory progress compliance, and duration of Pell Grant eligibility, upon a finding of special circumstances or undue hardship. Because neither the school nor the administrator has any incentive to control the costs to the GSL program in the exercise of such discretion, a potential for abuse exists and needs to be addressed in law.

Another problem area concerns the ease with which a proprietary school operator who has been convicted of student loan fraud can begin all over again at a different institution. We intend to tighten up our regulations so as to prevent these abuses, and otherwise to improve accountability in the student aid programs.

The states also have a part to play and I will soon be in touch with the governors of all fifty states addressing this issue and offering suggestions for ways in which the states can help us tackle this problem.

Our efforts to date have emphasized the responsibility of individual borrowers, lenders, guarantee agencies and now institutions. We all have a part to play in dealing with this intolerable situation. I look forward to continuing to work with the Congress to develop legislation that would permit further steps to be taken. To this end, I will make available staff and resources of the Department to work with your committee and staff. For today's default rates are not merely an embarrassment; they are an injustice to the millions of American taxpayers who generously support our student aid program, and to the millions of students who act responsibly in repaying their loans. If these default rates continue, they will jeopardize future educational opportunities for millions of our students. We cannot allow this to happen.

Thank you. I am happy to respond to questions.

RESPONSES TO QUESTIONS BY SENATOR HATCH

Questions and Answers

GSL Defaults Oversight Hearings

December 11 and 17, 1987

Question: What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

Answer: The central purpose of Federal student financial assistance is to ensure access to postsecondary education to all students regardless of their financial resources. The current high cost of defaults in the GSL program does not lead me to believe there should be any modification of that purpose.

Although the current high level of defaults is intolerable, this does not imply that we should deny any category of students access to postsecondary education. Nor should we elect to give one category of students grants simply because they have socioeconomic characteristics similar to many of those borrowers who have defaulted. An individual's background does not determine his repayment behavior. On the contrary, in our society we accept as an article of faith that the individual can, given adequate opportunity, succeed regardless of his background status. Indeed, it is this principle which underlies the student aid programs; through the provision of equal financial opportunity, as well as other necessary support services, individuals from any background can obtain postsecondary education and improve their economic status.

However, the default situation does lead me to believe that we must modify the structure of our current student aid programs. The current vague and imprecise authorizing statute fails to appropriately hold accountable program participants, thus allowing abuses to occur. A statute which accurately assesses the benefits, responsibilities, and incentives of each participant (guarantee agencies, lenders, institutions, and borrowers) would establish a structure that would ensure accountability and eliminate abuses.

Question: What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both?

Answer: Our primary objective in dealing with the GSL default problem must be to lower default costs both because of the large and rapidly increasing burden on taxpayers and because such increasing costs threaten the future of the program, and hence the educational opportunities of future college students. To lower costs over the long run, we must reduce default rates. Only by doing this can we restore public confidence in the program. In recent years, GSL volume has increased rapidly. Even with reduced default rates on new loans, total default costs are projected to rise during future years because of defaults on past loans. Unless there is evidence that default rates are declining and that GSL costs are not out of control, public support for the program will erode.

Question: What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

Answer: The gross cumulative GSL default rate is at record levels and increasing. In FY 1987 it was 13.1 percent. It is estimated that it will increase to 13.7 percent in FY 1988 and that it will reach 14.4 percent in FY 1989. While the default rate declined in the early 1980s, it is now dramatically increasing and unless it is brought down, threatens to erode public confidence in the GSL program.

GSL Cumulative Default Rate
(Percent)

								Estimated	
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
12.5	12.3	11.2	10.8	10.9	11.6	12.6	13.1	13.7	14.4

Even more alarming is the cost of defaults. Virtually one-half of the GSL budget--some $1.6 billion this fiscal year alone--will go to default payments. Paying off defaulted loans now ranks as the third largest expenditure of the Department of Education. Total Federal costs for GSL defaults are expected to increase from $486 million in FY 1983 to over $1.6 billion in FY 1988- more than a 200 percent increase in five years.

GSL Annual Federal Default Costs
($ in millions)

								Estimated	
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
$263	$235	$286	$486	$749	$1,016	$1,318	$1,269	$1,653	$1,699

Question: Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student borrower who defaults on a GSL?

It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

Answer: While there does not appear to be a "typical" defaulter, several characteristics appear to be more prevalent among defaulters and indicate an increased risk of default. Defaulters tend to:

- Be dropouts;
- Borrow in their first year of study;
- Attend schools other than four-year colleges and universities;
- Have somewhat smaller loan amounts and attend lower cost schools;
- Have an inadequate knowledge of loan responsibilities;
- Start school at a later age; and
- Be unemployed.

As I have stated, the best way to address the default problem is to enact legislation that requires accountability. To do that, the Congress should enact our accountability proposals, including--

- Repealing the ability to benefit eligibility option;
- Allowing use of the student loan data system to prevent defaults;
- Extending the IRS tax-refund offset authority;
- Reducing lender and guarantee agency default insurance; and
- Requiring credit checks for all borrowers and, for those borrowers with poor credit records, requiring creditworthy co-signers.

Question: A prominent proposal for change in the aid package is the proposal for "income contingent loans." Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

Answer: Although we are neither proposing, nor recommending the replacement of GSLs with income-contingent loans (ICLs), doing so would save the Federal government money in two ways:

-- Unlike GSLs, ICLs are unsubsidized: there are no interest and special allowance costs.

-- ICL default rates are expected to be lower than GSL rates because monthly payments by borrowers are contingent on their income and thus will be more manageable.

While current evidence does not show that current levels of loan burden are related to default rates, our detailed analyses show that the ICL monthly repayment amounts will be significantly lower than those for a GSL (per $1000 loan) during the critical early repayment years when borrowers are most likely to default. A borrower with more affordable monthly payments will not only be in a better financial position to repay but will also get into the habit of repayment which is an important determinant of lower default rates.

Question: Of the total funds expected in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access" to education. It would be shortsighted if, in dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

- Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? Further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? Other so-called "risk-sharing" proposals? Requirement of a uniform guaranty fee? Various increased due diligence proposals?
- Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in financial cost to the student?

Answer: ED has carefully considered the issue of GSL reliance on private capital in formulating its proposals to:

- Reduce primary insurance to lenders;
- Further reduce reinsurance to state guarantee agencies; and
- Strictly enforce existing due diligence regulations.

We believe that the large number of participating GSL lenders, and the large secondary market available to these lenders, imply attractive profit margins on these loans. We have concluded that an adequate supply of private capital will continue to be available if our proposals are implemented.

Reduction of Insurance to Lenders

The principle of co-insurance is common in many areas of commerce. Although this risk-sharing is rarely explicit (always being "contained" in a loan's price or interest rate), the nature of the GSL program argues for its being made explicit. Ordinarily, an increase in a lender's perception of credit risk is compensated by additional collateral, an increased interest rate, or both. Through this mechanism, a borrower "co-insures" the risk. In the GSL program, however, this is not possible because the borrower's interest rate is both fixed and below-market for loans of this type. The portion of risk that would ordinarily be shifted to a borrower is assumed by the Federal government through the 100 percent guarantee.

Furthermore, lenders are ordinarily subject to "interest rate" risk when making long term loans to individuals. The risk is that their cost of money over the period of the loan will exceed the fixed interest rate at which that loan was made. Congress entirely eliminated that risk by assuring lenders of both a variable interest rate and a fixed "spread" of 3.25% between the 91-day Treasury-bill rate and the total yield on the loan.

Thus, Congress both guaranteed the principal of the loan and its profitability to lenders under almost all interest rate scenarios. This is a Federal benefit to commerical lenders that is unprecedented. It has resulted in a sharply increased supply of student loan capital over the past decade. However, the absence of risk to lenders has resulted in a deterioration in normal due diligence by lenders, and a resulting increase in the default rate. By reducing the level of insurance provided to lenders, the Department's proposal simply makes GSLs like other loans in a lender's portfolio in the sense that they share some risk. This risk-sharing, however, is an essential incentive to ensure that lenders follow appropriate due diligence procedures. If they do, GSL default rates should decline.

Further reduction of reinsurance for guarantee agencies

Guarantee agencies currently share the risk for defaults when their defaults are greater than 5 percent. A variety of indicators suggests that guarantee agencies are capable of additional risk-sharing in the GSL program. Guarantee agencies can rely either on reserves or can increase their guarantee fee up to 3 percent. These fees alone provide a large cushion for risk to a guarantee agency. For example, an agency charging a 3 percent fee, and reinsured at an 80 percent level, could "cover" gross defaults up to 15 percent of loan volume. At 70 percent reimbursement, a 3 percent fee alone would cover defaults up to 10 percent. Although there is reluctance by agencies to use their reserves, it is clear that reserves exist only for the purpose of covering excess defaults. Agencies with high default rates should share the additional default risk that they have failed to control by failing to insist upon due diligence by lenders. The additional reduction in the reinsurance rate will increase the incentives of guarantee agencies to face up to the problems of their lenders and schools and to take stronger action to resolve these problems.

Due Diligence Proposals

In recent regulations, lender due diligence has been strengthened in accordance with provisions in the HEA 1986 Amendments. There have been allegations that some lenders practice "pro forma" due diligence or provide minimal documentation of efforts to collect on a loan. Although we are not proposing additional changes at this time, we are insisting on enforcement of already existing requirements. We are now requiring that lenders document due diligence more carefully and completely and that default claims be made more promptly. These are standards that lenders insist on themselves when servicing their own commerical loans. Guaranteed Student Loans should not be treated differently simply because they carry no risk for lenders.

Private Capital Availability

If ED's proposals are adopted, continued participation of private capital in the GSL program will not require any increase in financial cost to the students. Lenders will continue to participate because they will continue to find making GSLs profitable. The interest and special allowance formula (T-bill + 3.25 percent) provides lenders a generous yield in relation to their average cost of capital. This yield IS now especially attractive in relation to the riskless nature of the loan and in relation to the secondary market liquidity available to many lenders. Our proposals are for a relatively small amount of risk-sharing and lenders can accommodate this increased risk without seriously reducing their net profit margins on GSLs.

Question: What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

Answer: The multiple disbursement and other due diligence amendments enacted in the 1986 Amendments to the Higher Education Act resulted in some savings to the Government. We estimate that these provisions saved approximately $18 million in defaults in 1987 and will continue to save approximately $24 million in each subsequent year. But these savings are not sufficient to offset the increasingly large volume of defaults and result in any significant decrease in the default rate. At most, these provisions would have saved amounts less than 1 percent of annual defaults.

Question: Given the differences between GSLs (e.g., no credit check, no collateral requirement) and standard commerical loans, what is a realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

Answer: We have consistently taken the position that any default level is too high. Loan repayment is both a moral and legal obligation. Because of the importance of credit to students later in their lives, it is essential that they understand the nature of loan obligations and that they be counseled to use credit wisely. Nevertheless, students who have had no previous experience with credit are likely to have default rates that are higher than rates for adults on secured personal loans, for example. Current default rates are, however, over four times the loss rate on these secured personal loans. This unacceptably high level of GSL default rates threatens public confidence in the program and results in large Federal expenditures simply to collect on outstanding defaults. Our recent initiative to terminate institutions from Title IV student aid programs if they have fiscal year default rates of over 20 percent should result in a substantial reduction in the overall GSL default rate over time.

Question: Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? Suggestions?

Answer: I do not believe that any single definition of default can address all of the issues regarding defaults. One rate may be most appropriate for assessing the cumulative level of defaults in the program. Another rate may be most useful for assessing collections rates. A third may be most appropriate for comparing GSL default risk to other consumer loans. And yet another may be most appropriate for assessing defaults at the institutional level and enforcing program requirements.

For this last purpose, I believe that the fiscal year default rate (i.e., the percentage of borrowers entering repayment status in a given fiscal year who default before the end of the next fiscal year) is the most appropriate rate to use to assess defaults at the institutional level. This rate will:

- Measure default in the first two years of repayment when the majority of defaults occur and when institutions can most readily affect default propensity;
- Allow an accurate measurement of defaults given the time needed before a default is recorded (from delinquency to default can take between six and thirteen months); and
- Measure defaults of borrowers, not dollar volume defaulted, thus fairly assessing default propensity regardless of the cost of education at the school and related loan amounts.

This rate should be based on a sufficient number of borrowers to ensure fairness. In fact, our forthcoming default regulation will propose a minimum of 25 borrowers going into repayment in any given fiscal year to be included in the default rate calculation in order for the resulting rate to be used as a basis for limitation, suspension or termination.

Question: In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

Answer: Specific data comparing the costs and benefits for each specific collection initiative are quite difficult to obtain. Not only are collections difficult to attribute to a single collection activity (e.g., reporting the account to a credit bureau vs. referring the account to our private collection contractor), but the Department's costs of collection are also difficult to associate with any single collection initiative (e.g., the proportion of an individual employee's salary and benefits attributable to each of the collection initiatives upon which he works). Furthermore, the comparison is further complicated by the recently implemented policy of charging defaulted borrowers for certain of the costs of collection and the option for these costs to be negotiated during the collection process.

However, based on available information, we are convinced that all of our default collection initiatives are successful and cost effective. For example, the IRS tax refund offset program has generated over $259 million in collections in 1986 and 1987 at little cost to the Department. (IRS processing costs were added to the amounts owed by the defaulter and Department costs were minimal.) Credit bureau reporting costs are also minimal, yet generate considerable borrower response. Referral of accounts to private sector collectors clearly generates substantially more in receipts than the cost of collection. (Collection contractors are paid a percentage of the collections they generate.) The Federal employee match program generated over $27 million in receipts by July 1987--substantially more than the administrative costs of operating the program.

Question: Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to serve high risk students and thus at odds with providing expanded access to educational opportunity.

- o Which do you believe is the more accurate view of these provisions or proposals?
- o If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

Answer: Our proposals for less than full insurance or reinsurance for lenders and guaranty agencies constitute a reasonable and legitimate sharing of risk. Indeed, a number of newspapers, including the Washington Post and the New York Times, have endorsed greater risk-sharing in the GSL program. Our proposals are not "disincentives" and lenders will continue to be eager to participate and to make loans to all types of students. Unlike commercial lending, Guaranteed Student Loans currently entail no risk for lenders; default is 100 percent guaranteed and the interest rate subsidy and special allowance formula guarantee a relatively predictable profit "spread" over the lenders' current cost of capital. In contrast, lenders share risk in terms of their non-GSL portfolio. Even after the assumption of risk (as recommended by our proposals), lenders will have attractive profits on Guaranteed Student Loans and they will continue to participate.

Question: The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

Answer: Eliminating the ability to benefit provision would save an estimated $6.1 million in default costs by FY 1993 with additional savings in each subsequent year.

At this point we cannot estimate the overall impact of eliminating the ability to benefit provision on the balance between welfare payments to the unemployed and income tax receipts. Needed data, such as the future earnings of "ability to benefit" students, do not exist. However, given the available data indicating that most students enrolled in proprietary schools who were admitted on the basis of their "ability to benefit" drop-out, it appears that continuing to allow such students to receive Federal aid is not cost-effective, even given a somewhat increased earning potential and increased tax receipts for those students who do complete their programs. Furthermore, allowing such students to obtain loans in order to finance a program of study which the student is unable to complete simply leaves such individuals further in debt and with a loss of income while attending school.

It should also be noted that students who receive welfare payments (e.g., AFDC) generally have their welfare payments at least partially reduced as a result of receiving student aid. However, their payments are often reduced only by the amount of aid for room and board. Thus, student aid payments are not fully offset by decreases in welfare payments in the current year.

Question: The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

Answer: We believe that collection of certain types of accounts currently held by the guarantee agencies can best be accomplished by direct Federal collection. Congress itself provided the authority for the Department to do this in 1980. Accounts of Federal employees, accounts which are beyond the State statute of limitation, and accounts in States which are not fully participating in the IRS tax refund offset project are examples of the types of accounts which we anticipate requiring agencies to assign to the Department for collection. We are currently conducting a study of the cost effectiveness of Department and guarantee agency collections and may determine additional categories of accounts to be subrogated.

The impact that such assignment will have on default costs will depend, of course, on the volume of accounts which we determine should be assigned and the relative improvement in collection effectiveness obtained by the assignment. Preliminary estimates indicate that the Department will generate millions of dollars in additional collections. These additional collections will reduce the net default rate slightly.

Question: One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

Answer: As noted above, assessing the precise costs and benefits of any single collection activity is quite difficult. No data are currently available to assess the specific degree to which withholding transcripts encourages borrower repayments. Therefore, we do not have any specific estimate of the net cost savings of implementing this practice. However, the cost of such activity is likely to be relatively minimal, while collections are likely to be significant, particularly as students seek their first jobs or to enroll in another institution.

As you point out, this practice is likely to be less applicable for defaulters who are dropouts. Nonetheless, for some of these dropouts, the lack of a transcript may prevent employment or admission to another institution. Other possible actions institutions can take to encourage dropouts to repay include: contacting the student directly to explain the implications of defaulting; providing the student's and the student's parents' address to the lender and/or guarantee agency; and ensuring that no dropout defaulter is allowed to re-enroll and receive further aid.

Question: If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guarantee agencies? by ED?

What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?

Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?

What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

Answer: Although there tend to be higher default rates at certain types of institutions, I do not believe that the Department should use different measures or standards depending on the type of institution. To do so would artificially and unfairly pre-judge both the institution and the population it serves. Neither the background of the student nor an institution's type determines whether a student will default. For institutions, the quality of education provided and whether it provides adequate information and counseling regarding its programs and borrowing are important factors in determining default rates.

The fact that default rates tend to be higher at certain types of institutions may indicate that there tend to be greater problems in the quality of education or support services (e.g., counseling) provided by these types of schools. We believe that the higher default rate at certain types of schools is an indicator of the need to focus assistance and review efforts on these schools. Furthermore, a large difference in default rates at similar types of institutions would also indicate that a problem exists.

Our institutional default initiative does base administrative actions on the default rate of the specific institution. This policy is designed to terminate from Title IV programs institutions which fail to properly administer Federal student aid--not to penalize individual students attending the school based on the propensity to default of all students attending the school. This type of differentiation is, I believe, quite appropriate. Students at schools terminated can choose to attend elsewhere and continue to get Federal student aid.

I do believe it is the responsibility of the higher education community, including participating schools, lenders, guarantee agencies, and associations, as well as the Congress and the Department, to take every measure to reduce defaults at all institutions--not just those in any sector. However, given the greater tendency for defaults to occur at certain types of schools, I believe it is appropriate for all of us to focus much of our effort where the problem is greatest.

SENATOR HATCH

ADDITIONAL QUESTIONS FOR SECRETARY BENNETT

Question 1: YOUR NEW INSTITUTIONALLY DIRECTED DEFAULT POLICY, ANNOUNCED NOVEMBER 4, 1987, WILL IMMEDIATELY BEGIN PROGRAM REVIEWS AT INSTITUTIONS WITH DEFAULT RATES ABOVE 50 PERCENT.

o HOW MANY PROGRAM REVIEWS HAD ED BEEN DOING PRIOR TO THE ANNOUNCEMENT? HOW MANY WILL BE DONE UNDER THE NEW PROGRAM?

o IF THERE IS NO SIGNIFICANT INCREASE IN THE NUMBER TO BE DONE, WHY DO THERE CONTINUE TO BE THIS NUMBER OF SCHOOLS WITH OVER 50 PERCENT DEFAULT RATES (I.E., PROGRAM REVIEWS DO NOT SEEM EFFECTIVE IN REDUCING DEFAULT RATES)?

o IF THE NEW POLICY MEANS A SIGNIFICANT INCREASE, WHY HAD THE ADDITIONAL PROGRAM REVIEWS NOT BEEN UNDERTAKEN PREVIOUSLY? HAD THERE BEEN ANY REDUCTION IN NECESSARY PERSONNEL? IF SO, WERE THEY NECESSITATED BY DECREASED DEPARTMENTAL FUNDS?

o AS A RESULT OF THESE REVIEWS, HOW MANY CASES DO YOU EXPECT TO BE REFERRED TO THE INSPECTER GENERAL? HOW LONG WILL THIS PROCESS, FOR THIS NUMBER OF SCHOOLS, TAKE--ESPECIALLY GIVEN THE NEED OF AN APPEALS PROCESS?

o HOW MUCH WILL ALL THIS COST? WILL ED NEED NEW FUNDS TO COVER THESE ACTIVITIES? HOW MUCH NET REDUCTION IN OVERALL COSTS IN THE GSL PROGRAM DO YOU EXPECT AS A RESULT?

Answer: The number of institutional reviews conducted by the Department in the past three years is as follows:

Fiscal Year	No. of Reviews	No. of Reviewers*
1985	763	56
1986	472	52
1987	319	55

*Represents staff on board at end of year and does not take into consideration fluctuations within the year.

The decline in the number of reviews made in 1986 is attributable to a reduction in travel funds resulting from sequestration under the Gramm-Rudman-Hollings bill and generally limited Departmental Management funds.

In FY 1988, we expect to return to the 1985 level of about 800 reviews, assuming adequate travel funds. A preliminary review of those institutions with default rates in excess of 50 percent enabled the Department to identify 223 of the high default schools for further review. Some of these 223 schools would have been reviewed without the new default initiative because they were identified as priority reviews for other reasons. (Fifty-nine of the schools reviewed in FY 1987 had high default rates, but were selected for review for other reasons.)

This new default initiative does not in itself result in additional review requirements. Rather, it affects the criteria for selecting schools for review. For example, a high Perkins loan default rate previously has been a factor in the selection of schools for review, but high GSL default rates have not been such a factor because they were not available until now. Based on the Secretary's priorities, a high GSL default rate is now a primary factor for selection. The Department intends to review the high default rate schools, as well as other schools determined to be priority reviews.

Program reviews can enhance the management capability of schools and reduce their default rates. Between 1985 and 1987, program reviews were confined to schools within commuting distance of the ten regional offices. As a result, these schools were reviewed on a more regular basis. The liabilities assessed per school decreased during this period. This demonstrates that reviews made a significant contribution toward better management of Title IV dollars at the schools reviewed. However, many schools with high GSL default rates were not targetted for review during these prior years using other criteria to identify problem schools, and therefore these problem schools did not benefit from a review and reduce their default rate.

The Department refers only cases of suspected fraud to the Inspector General (IG). Typically, this is a small percentage of the number of schools reviewed. Out of the 223 schools with default rates over 50 percent which the Department will review, we would expect about 10 schools (4.5 percent) to be referred to the IG for suspected fraud based on past experience. Of course, if schools with default rates above 50 percent tend to be suspected of fraud more often than typical schools reviewed by the Department, more than 10 schools could be referred. (Sixteen schools with default rates in excess of 50 percent were already under review by the Inspector General before the new default initiative. Another 16 had closed or gone bankrupt.)

After the Inspector General completes an investigation, the Justice Department is consulted concerning the prosecutorial merits of the case, either criminal or civil. Prosecution of cases can be a very lengthy process. If prosecution is declined, only then may the Department initiate a formal administrative action to fine, limit, suspend or terminate. The institution has 30 days to appeal. The hearing process averages about six months. The entire investigative process could span one or more years.

A typical program reviewer is at the GS-12 level and can accomplish 12 to 18 reviews a year, depending on experience, the availability of travel funds, and the need for follow-up reviews. The 223 reviews will require about 15 staff-years of time.

The Department can accomplish the reviews of 223 high default schools with its existing staff, assuming adequate travel funds. A typical review identifies an average of $10,000 in liabilities for all student financial assistance programs.

Question 2: YOUR NEW POLICY LOOKS ULTIMATELY TO BAR AN INSTITUTION WITH A GSL DEFAULT RATE ABOVE 20 PERCENT FROM PARTICIPATION IN ALL FEDERAL STUDENT AID PROGRAMS. WHAT IS THE CORRELATION BETWEEN INSTITUTIONAL INELIGIBILITY TO PARTICIPATE IN THE GSL PROGRAM AND INELIGIBILITY FOR ALL OTHER FEDERAL PROGRAMS, SUCH AS THE PELL GRANT PROGRAM?

o WOULD IT BE POSSIBLE, AND PERHAPS MORE EFFECTIVE, TO DEAL WITH SCHOOL-BASED PROBLEMS RIGHT FROM THE START, I.E., IN THE ACCREDITATION PROCESS? COULD ED BECOME MORE INVOLVED IN ACCREDIATION IN WAYS WHICH WOULD REDUCE EITHER THE RATE OR THE COST OF DEFAULTS? WOULD YOU NEED ANY AUTHORIZING LEGISLATION?

Answer: Our policy is designed to reduce GSL defaults and to improve program administration. A GSL default rate above 20 percent is a good indicator that the school is not properly administering not only the GSL program, but the other Federal aid programs as well. Therefore, schools with excessive GSL default rates may be subject to termination from all the Federal student aid programs. It should be noted that institutions will not automatically be terminated; each school will have an opportunity to appeal any termination, including an opportunity to present information regarding relevant mitigating circumstances such as the steps taken by the school to reduce defaults.

The accreditation process is a key means of ensuring the overall quality of an institution and its curriculum. The Department is especially interested in improving accreditation standards and procedures, and we are revising our accreditation regulations to include requirements designed to improve consumer protection, and the counseling and testing of students admitted to school without a high school diploma. Furthermore the accreditation process cannot reveal the entire range of an institution's administrative shortcomings. Accrediting groups cannot examine highly specialized, complex programs such as student aid. In addition, accrediting teams visit an individual school only infrequently (on average, once every ten years). By contrast our concern about default rates is immediate and requires an immediate solution. While many general deficiencies affecting accreditation may also bear on this particular problem, we propose to address the default problem directly and immediately through our Limitation, Suspension and Termination (LS&T) authority.

Question 3: YOU RECOMMENDED ON NOVEMBER 4TH THAT LENDERS SHOULD IMPROVE LOAN COUNSELING OF BORROWERS. DO YOU MEAN BEYOND THAT MANDATED IN THE HIGHER EDUCATION AMENDMENTS OF 1986? BY WHAT SPECIFIC MEASURES?

o WHAT IS YOUR ESTIMATE OF THEIR COST? WOULD THEY SIGNIFICANTLY REDUCE COSTS, I.E., WOULD THEY BE COST-EFFECTIVE?

o WOULD ALL THE PROPOSALS BE CONSISTENT WITH MAINTAINING "ACCESS"? (FOR INSTANCE, IN SOME SPARSELY POPULATED AREAS, A REQUIREMENT FOR IN-PERSON APPLICATION TO A PARTICIPATING GSL LENDER MIGHT ELIMINATE SOME STUDENTS FROM OBTAINING A GSL).

Answer: We believe that lenders should expand loan couseling beyond that required by the Higher Education Amendments of 1986. Currently, the law requires that lenders disclose certain information to the borrower at or prior to disbursement and at or prior to repayment. Most of this information may be included as part of a written application, statement or promissory note. While we believe that such disclosure does help to prevent defaults, we also believe that lenders could do much more. For example, lenders could expand counseling to include in-person sessions, where feasible. They could provide further information to the borrower about deferment and forbearance options. They could provide information to the student about the impact his student loan repayments will have on his ability to obtain further credit.

We believe that lenders would respond appropriately by providing the most cost-effective default prevention counseling possible, if lenders were provided a financial incentive for so doing. For this reason, we have proposed to reduce lender insurance below 100 percent to provide a financial incentive for the lender to prevent each default.

Of course, expansion of loan counseling by lenders would increase their costs slightly. However, for a small increase in lender costs, especially in comparison to the relatively high yield they receive on these loans, defaults could be reduced substantially. Moreover, if lender insurance were reduced below 100 percent, lenders would certainly find it cost-effective for them to improve loan counseling.

Expanded loan counseling is fully consistent with the goal of educational "access." In-person counseling could be waived in cases where travel would be a hardship. Counseling might serve to discourage unnecessary borrowing, but would not discourage the postsecondary enrollment of qualified and motivated students.

Question 4: YOU ALSO RECOMMENDED EXPANSION OF THE LOAN CONSOLIDATION PROGRAM.

- o WHAT HAS BEEN THE EXPERIENCE TO DATE WITH LOAN CONSOLIDATION? HAVE ANY SAVINGS BEEN PRODUCED THROUGH DEFAULTS AVOIDED BY CONSOLIDATION?
- o HOW WOULD YOU EXPAND IT BEYOND THAT ENACTED IN THE HIGHER EDUCATION AMENDMENTS OF 1986? HOW WOULD THAT EXPANSION HELP REDUCE EITHER THE RATE OR THE COST OF STUDENT LOAN DEFAULTS?
- o HOW FAR INTO THE FUTURE WOULD YOU EXTEND REPAYMENT IN ORDER TO PRODUCE MORE MANAGEABLE MONTHLY PAYMENTS? IF THE PERMISSIBLE REPAYMENT PERIOD EXTENDS TOO FAR INTO THE FUTURE, INTO THE YEARS WHEN THE ORIGINAL BORROWER HAS CHILDREN SEEKING A POSTSECONDARY EDUCATION, MIGHT THIS NOT CONFLICT WITH THE PARENTS' ABILITY TO ASSIST IN FINANCING THE CHILD'S EDUCATION? MIGHT THIS NOT BE INCOMPATIBLE WITH ADMINISTRATION POLICY ENCOURAGING INCREASED FAMILY RESPONSIBILITY FOR EDUCATION COSTS?
- o IF A MAJOR REASON FOR DEFAULTS IS TOO HIGH A DEBT BURDEN, TO WHAT EXTENT IS LOAN CONSOLIDATION'S EXPANSION A SUFFICIENT OR IMPORTANT SOLUTION TO THE DEFAULT PROBLEM?

Answer: The authority to consolidate student loans was reauthorized with passage of the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272). Prior to this legislation, authority to consolidate student loans expired in October 1983. Approximately $390 milion had been consolidated by October 1983.

Since passage of P.L. 99-272, approximately $266 million more has been consolidated. The majority of these loans have been consolidated by the Student Loan Marketing Association (Sallie Mae). Although no data are available to show the impact that the consolidation of these loans has had on defaults, we believe that the impact is minimal since all of these consolidated loan borrowers had relatively high levels of outstanding debt and such high debt borrowers do not tend to default.

Indeed, it is the inverse relationship between debt level and default propensity which leads us to propose expansion of the consolidation loan authority. Under our proposal, borrowers would not be required to have any minimum level of debt in order to have their repayment length extended up to 25 years, subject the current minimum annual payment. By allowing relatively low-indebtness borrowers--those most likely to default--to reduce their repayment burden, we believe that some defaults could be avoided. We estimate that this expansion would save about $9 million each year in default costs.

As noted above, borrowers could extend repayments for up to 25 years under our proposal. However, the minimum annual repayment requirement effectively would limit the maximum repayment length for most borrowers who have relatively low outstanding balances to less than 25 years. Although extension of repayment for the full 25 years could result in a trade-off between payment for the original borrower's education and family support for the education of that borrower's children, we do not believe this will represent a problem for most borrowers, nor will this be an insurmountable problem for those borrowers who do fall into this circumstance.

Although current research does not show that high debt levels are a major reason for default, we are concerned that debt burden may increase and result in more defaults in the future. It is important to note that a high debt burden does not necessarily require a high level of debt. Rather, it is the ratio of debt to income which determines the debt burden. Therefore, we believe that expansion of consolidation to all levels of indebtedness is an important element in our efforts to prevent defaults.

Question 5: YOU ARE SUGGESTING INSTITUTIONAL RESPONSIBILITY FOR DEFAULTS WITHOUT CLARIFYING THE RIGHTS OF INSTITUTIONS TO HAVE A ROLE IN PREVENTING DEFAULTS. DO YOU EXPECT INSTITUTIONS TO PERFORM ANY NEW FUNCTIONS SUCH AS INDEPENDENT LOAN COLLECTION ACTIVITIES? IF SO, WHAT? WHAT POTENTIAL ISSUES DOES THIS RAISE? IS IT COST-EFFECTIVE? WILL INSTITUTIONS BE SUBJECT TO THE FAIR DEBT COLLECTION PRACTICES ACT?

Answer: We expect institutions to do everything they can to prevent defaults and improve collections. Primarily this includes providing a quality education and adequate counseling regarding the borrower's repayment obligations. However, institutions may also encourage borrowers to repay by withholding transcripts and providing address information to lenders, as well as other activities. We believe institutions should act responsibly in all their activities, including collection-related actions, and should seek to work with, not supplant, the lender and guarantee agency. In so doing, the institution may be bound by the Fair Debt Collection Practices Act depending on whether the school regularly acts as a collection agent and/or uses the mails primarily for such purpose. We believe that such actions by the institution to encourage borrower repayment will be quite cost-effective.

Question 5: FOR THE PURPOSE OF YOUR NEW DEFAULT POLICY, YOU DEFINE "DEFAULT RATE" ON AN ANNUALIZED BASIS, REFLECTING STUDENTS WHO LEFT SCHOOL IN ONE FISCAL YEAR OR THE NEXT. THIS IS A TOTALLY NEW DEFINITION OF "DEFAULT" AND ONE WHICH, IT WOULD APPEAR TO ME, COULD VARY SUBSTANTIALLY FROM YEAR TO YEAR BASED ON THE BEHAVIOR OF A SMALL NUMBER OF INDIVIDUALS. MANY OF THE SMALLER COLLEGES IN UTAH ARE VERY CONCERNED ABOUT THIS. WOULDN'T IT BE MORE MEANINGFUL TO USE A CUMULATIVE DEFAULT RATE?

IF SUCH DATA ARE NOT READILY AVAILABLE, WOULDN'T IT BE MORE EQUITABLE TO DELAY DRASTIC ACTION, SUCH AS TERMINATION OF SCHOOLS FROM THE GURANTEED STUDENT LOAN PROGRAM, UNTIL ACCURATE CUMULATIVE DATA IS AVAILABLE?

Answer: Our new fiscal year rate is intended to track the default behavior of only those borrowers who will be in school when new default regulations go into effect. This was done to enable the default rate to be based only on the behavior of those borrowers whose default propensity the school can now affect through improvements in the quality of their programs, loan counseling, exit interviews and so forth.

Any default rate, cumulative or annual, based on a small number of borrowers can increase or decrease relatively dramatically depending upon the repayment behavior of relatively few borrowers. The Department is aware of this and will take it into account in enforcing its new GSL default policy. Institutions will not be subject to limitation, suspension and termination proceedings unless the data clearly show a pattern of a significant number of defaulters. Furthermore, institutions having default rates over 20 percent will have an opportunity to appeal any termination and to present evidence of mitigating circumstances.

Using a cumulative rate based on improved data would be unwise because it would allow the GSL default rate to continue to increase for many years before effective action were taken. This would cost the taxpayer billions of dollars--clearly an unacceptable result.

Question 7: YOUR NEW POLICY WILL ULTIMATELY ELIMINATE FROM PARTICIPATION IN THE GSLP (AND OTHER FEDERAL STUDENT AID PROGRAMS) SCHOOLS WITH HIGH DEFAULT RATES.

- WILL THIS, IN FACT, REDUCE EITHER THE DEFAULT RATE OR COST? MIGHT NOT DEFAULT-PRONE STUDENTS, I.E., MINORITY OR LOW-INCOME STUDENTS, SIMPLY ATTEND OTHER SCHOOLS?
- WITH INELIGIBILITY FOR PARTICIPATION AND A MIGRATION OF STUDENTS TO OTHER SCHOOLS, MIGHT SOME INSTITUTIONS TRADITIONALLY SERVING THESE POPULATIONS, FOR INSTANCE, SOME OF THE "HBCUs", CLOSE?
- IF SO, IS THIS COMPATIBLE WITH "ACCESS"? IF NOT, IS IT, NEVERTHELESS, A LEGITIMATE PRICE TO PAY TO ATTEMPT TO DEAL WITH DEFAULTS? EVEN IF IT DOES NOT REDUCE EITHER THE RATE OR COST OF DEFAULTS?

Answer: This question assumes that default behavior is solely a characteristic of borrowers, and that a borrower attending a different school will be just as likely to default after attending it as at the previous school. Research, however, shows that institutional characteristics and policies do affect default rates. Institutions that admit students based on the students' abilities and interests have lower default rates than institutions that make misleading sales pitches and exaggerated promises in order to increase enrollment. Institutions that stress quality academic programs and have effective job placement programs have lower default rates than schools having poor instruction, outmoded facilities and equipment, no job placement and--all too often--a palpable disinterest in students. Schools with debt counseling programs for borrowers have lower default rates than schools that never mention repayment obligations after students have borrowed. In other words, the image of responsibility and commitment projected by the school partly forms the borrower's own decision to meet his obligation or to disown it. While never exonerating the borrower from that individual obligation, the Department's policy focuses on how schools can do more to reduce GSL default rates.

We estimate that this policy will reduce both default costs and the GSL default rate. In fact, over $2.2 billion in savings over the next five years is expected to result from implementation of this policy. However, most of these savings will result from the improvement of administrative practices at institutions. We do not expect to eliminate many schools from participation in the programs, nor do we expect wholesale migration among schools. We hope that some migration will occur from the academically poorest schools which we think are also among the highest default schools. These schools do a disservice to their students, to prospective employers and--because of high default rates--to the American taxpayer. Responsible schools with good academic programs, even those with relatively high default rates, can maintain their enrollment and improve the administration of their loans. For instance, we think that those historically-black colleges and universities with GSL default rates above 20 percent can significantly reduce their defaults without losing enrollment and can maintain their participation in the Federal student aid programs.

Finally, there is no conflict between our longstanding commitment to "access" and our new institutional default policy. The Department's policy is designed to promote educational opportunity--at educationally valuable institutions--not educational default.

Senator Pell. Thank you very much, Mr. Secretary, and for introducing your colleagues.

Basically what we have here are three essential differences between our proposal, or my proposal—I hope it will be our proposal—and the Administration's proposal. You have a cutoff of 20 percent, and we have a suggested cutoff of 25 percent. You would apply the cutoff to all Federal student aid programs, and we would apply it just to the GSL program in that institution. Your program proposal is mandatory, and ours is permissive, for action to be taken by a guarantee agency. I think these are the three essential points that we will be focusing on today and then what the compromise is and what can be done.

There is another factor that I don't think you mentioned, but it concerns me, and that is the psychological effect of such huge numbers of young people starting out in life as deadbeats. I think that is a factor that we should very much consider, because if you can be a deadbeat once, you can repeat it throughout life. It would be a good idea if we could make it more difficult to be in that position.

I notice that when it comes to the program reviews of institutions—and as you know, some institutions seem to be more liable in this than others—that the number of reviews conducted has been declining in the last six years. According to the statistics I see here, in fiscal year 1981, you conducted 1,000 institutional reviews; in fiscal year 1986, only 417, or less than half, and the amount of money recovered has declined similarly.

What is the reason for that?

Dr. Kimberling. Mr. Chairman, I will be happy to respond to that particular inquiry. Your numbers are correct, but they do not really reveal the entire context of our efforts to ensure compliance with the laws and the regulations.

For example, those numbers on institutional program reviews don't include the figures on audits and investigations conducted by the Office of the Inspector General; they don't include figures on our certification reviews, which are done with institutions at the time of their request to participate in the programs; they don't include figures on the reviews that are conducted by guarantee agencies themselves—and I think as you just mentioned, Mr. Chairman, we are all concerned to see that the guarantee agencies step up their efforts. In fact, I would add parenthetically, we have modified our regulations to require that guarantee agencies each review a minimum of 10 lenders and 10 institutions, the top 10 in terms of loan volume; since you have 57 guarantors, that ensures a minimum of 1,140 additional reviews.

So there is a lot of additional effort that is going uncounted, including liabilities that have been assessed as a result of these efforts.

Senator Pell. But you haven't answered my question. I asked why has the number of program reviews conducted by you has declined by more than half?

Dr. Kimberling. Well, for some years, Mr. Chairman, we had a very stringent budget for travel, and that has been part of the situation.

Another part of the situation has been a refocusing of our efforts. For example, rather than simply look at all lenders, regardless of the volume of loans that they make, we have concentrated some of our lender and guarantee agency reviews on larger lenders, larger guarantee agencies, to ensure coverage of a larger amount of program funds.

Senator PELL. To interrupt you there, the refutation of that is that you recovered only about one-eighth as much in 1986 as you did in 1981.

Mr. CARNES. Mr. Chairman, let me respond if I could and clarify some of these points.

Senator PELL. Thank you.

Mr. CARNES. During many of those years in which the number of reviews declined, the Department received a certain allocation of administrative funds. The administrative funds that we requested, S and E funds, were to carry out a certain level of program activity in the entire Department based on program reductions. What in fact happened was that, instead of the Department and its programs being reduced, the Department's responsibilities have grown, but our administrative funds have not grown to keep pace. The administrative funds have not been increased to correspond to program increases. And our first priority is to implement new programs and then to do program reviews.

The 1986 figure, I will point out, actually reflects Gramm-Rudman. In 1986, we did take S and E cuts, which required reductions in travel allocations, and that explains in large part why you see the significant drop in 1986. We did request for 1987 and for 1988 additional staff and S and E funds to allow us to staff up both the monitoring function in the Office of Postsecondary Education and in the Inspector General's Office.

Again, I might say that the bill that is pending before Congress now on the '88 appropriation gives us lots and lots of new programs for fiscal '88 and not a penny of additional resources to support them. It is going to be hard for us to carry out those monitoring functions with no additional resources.

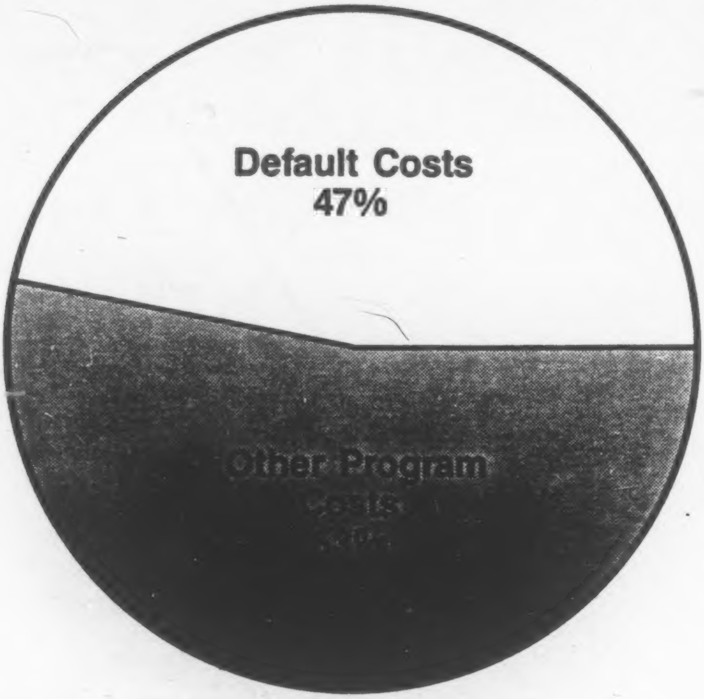
Senator PELL. Well, I will not pursue this line of questioning any further, but I would, without objection, insert in the record here the figures, and I think they will illustrate the points that I am seeking to make.

Secretary BENNETT. We will acknowledge those, certainly.

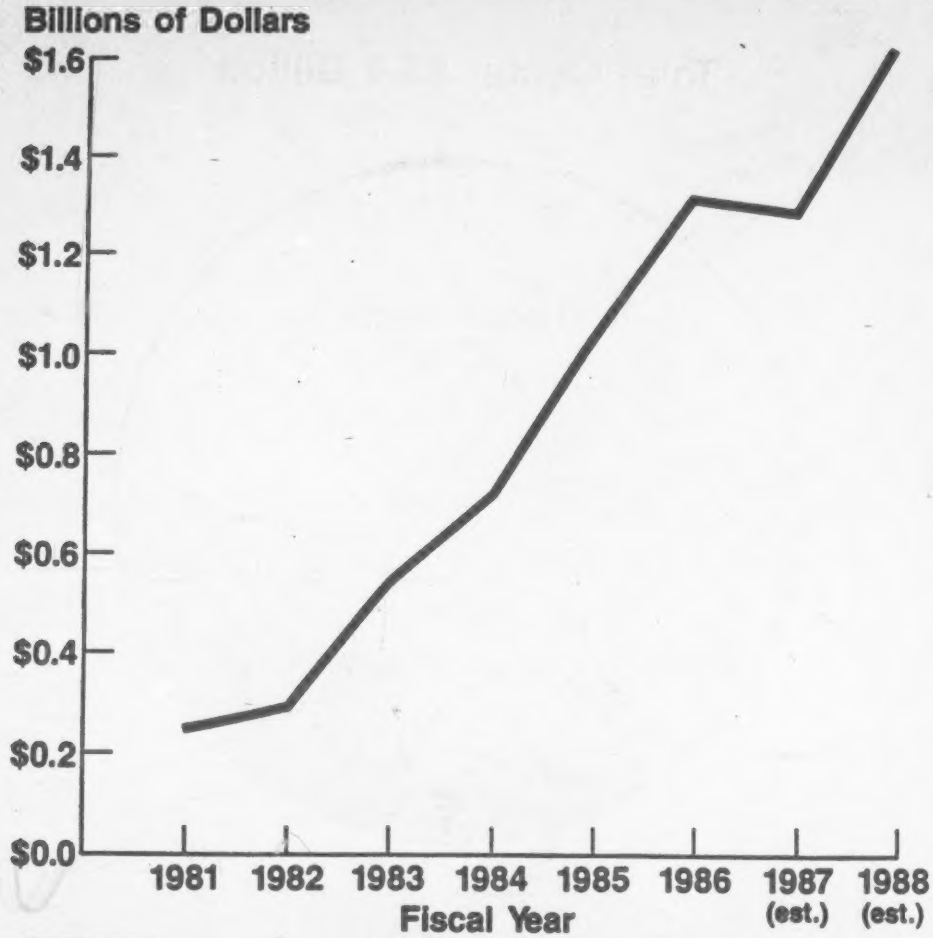
[Information referred to follows:]

GUARANTEED STUDENT LOAN PROGRAM FY 1988 (EST.)

Total Costs: $3.4 Billion

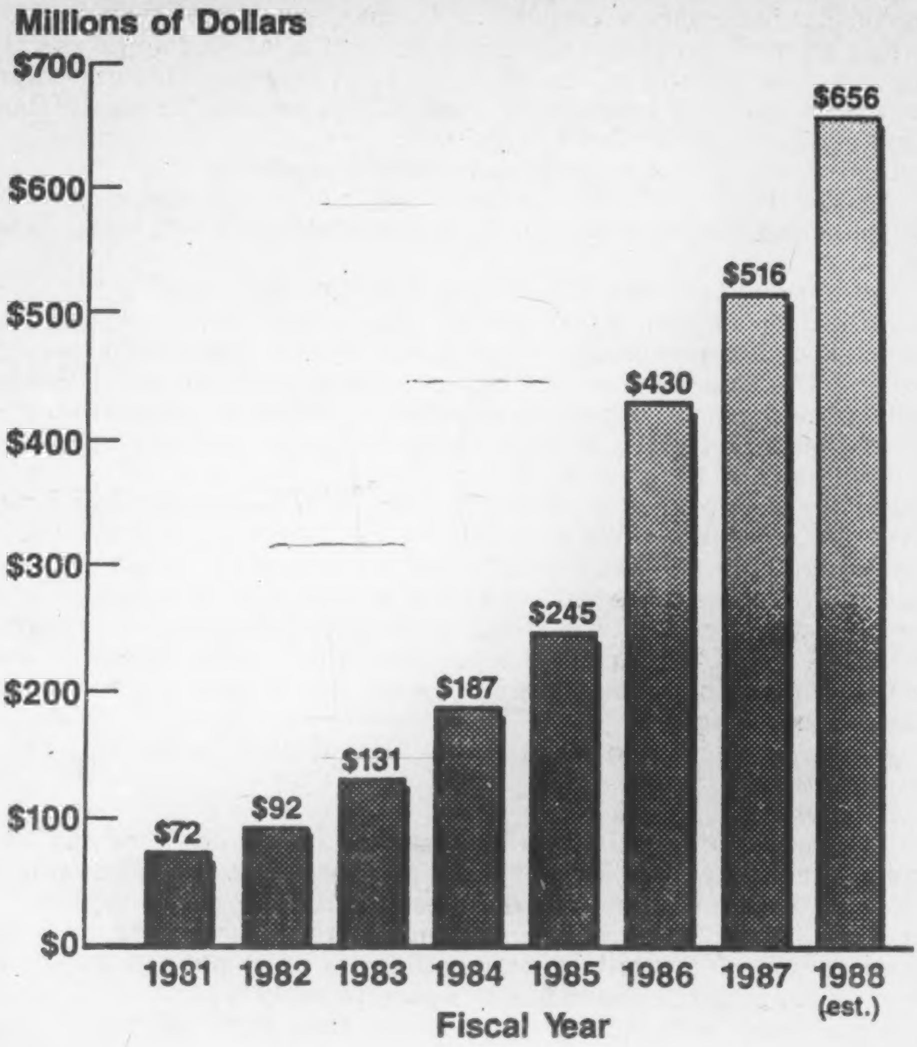


GUARANTEED STUDENT LOAN ANNUAL DEFAULT COSTS



Note:
GSL default costs dropped in FY1987 because the Congress extended the time between loan delinquency, default declaration, and default payment by ED, thus delaying the fiscal year in which default costs are incurred and artificially lowering FY1987 default costs.

ANNUAL COLLECTIONS ON DEFAULTED STUDENT LOANS



Senator PELL. Another question that concerns me is I know in my own State that the institutions are having a hard time finding out who the students are who are deadbeats. I am wondering what action can be taken so they can know who the deadbeats are.

Mr. CARNES. Right. We are in fact going to be amending the contracts that we have with guarantee agencies to require them to make that information available to institutions.

Furthermore, in 1986, the Higher Education Amendments specifically authorized the release of this kind of information from guarantors, to make it possible for institutions to have access to this kind of data that they need to follow-up——

Dr. KIMBERLING. Mr. Chairman, I would like to——

Senator PELL. I would add here that under the Reconciliation Bill that was passed last night, I believe this matter was taken care of.

Dr. KIMBERLING. Mr. Chairman, just one additional point. We published on December 1st revised regulations for the student financial assistance general provisions. These regulations would expand the information that appears on student financial assistance transcripts. So schools that receive transfer students from another institution will now have access to better information on defaults known to the first institution.

We are also looking at revisions of the Guaranteed Student Loan Program regulations. We would revise the current part of the regulation applying to lender notification when a loan becomes delinquent. The current regulation says that the lenders have to file a supplemental pre-claims assistance form to the guarantee agency. What we would like to add is a provision that a copy be sent to the institution at the same time the lender sends the information to the guarantee agency.

We are all concerned about closing the information loops and the gaps on this.

Senator PELL. Thank you.

In view of the fact that we have several colleagues here and two more panels, I will desist in asking any more questions, but would ask that I submit some written questions that would be replied to, and would also ask unanimous consent that the record be kept open so any of my colleagues who care to offer written questions may do so, with the assurance of a prompt reply.

[Information subsequently supplied for the record follows:]

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United States Senate
COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, DC 20510-6300

February 1, 1988

The Honorable William J. Bennett
Secretary
United States Department of Education
Washington, D.C. 20202

Dear Mr. Secretary:

I am writing to follow up on your testimony before the Subcommittee on Education, Arts, and Humanities concerning defaults in the Guaranteed Student Loan Program.

I very much appreciate your testimony. It has been most helpful as we begin to develop legislation on default reduction. However, I still have several outstanding questions which I was unable to ask you because of time constraints. I think it would be very helpful if you could answer these remaining questions so that the RECORD will provide as complete a picture as possible of your view on student loan defaults.

First, I am interested to know whether current law provides sufficient authority for the Secretary to implement a default plan such as the one you have proposed, or if additional legislation is needed. It would be particularly helpful to know which sections of law are applicable. Secondly, I would like to know your response to criticism regarding the accuracy of the institutional default figures recently published by the Department. Are these criticisms valid and, if so, what accounts for the inaccuracies? Also, how would such inaccuracies be avoided if your plan were to be implemented?

Thank you very much for your consideration of these questions. I look forward to your response.

Warm regards.

Ever sincerely,

Claiborne Pell
Chairman
Subcommittee on Education,
Arts and Humanitites

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

MAR - 7 1988

Honorable Claiborne Pell
Chairman, Subcommittee on
Education, Arts and Humanities
United States Senate
Washington, D.C. 20510-6300

Dear Senator Pell:

Thank you for your recent letter regarding my testimony before the Subcommittee on Education, Arts, and Humanities concerning defaults in the Guaranteed Student Loan (GSL) program. I am pleased to respond to your further questions.

Current law does provide sufficient authority to implement the default reduction initiative to limit, suspend, or terminate from participation in the Title IV student aid programs any institution with a fiscal year GSL default rate above 20 percent. The statutory authority supporting this action is--

- o Section 487(c)(1)(B) of the Higher Education Act which authorizes the Department to prescribe reasonable standards of institutional capability to administer the program; and
- o Section 432(a)(1) of the Higher Education Act which authorizes the Department to regulate the program as necessary to carry out its purposes.

An institutional default rate above 20 percent is an indication that the institution may be administering student aid in such a way that it creates an unreasonable risk of loss to the taxpayer, contrary to the purposes of the GSL program. Of course, there may be extenuating circumstances which could result in an excessive default rate despite proper institutional management. For this reason, institutions will be given the opportunity to present evidence of their appropriate program administration prior to any adverse actions being taken by the Department.

The institutional default rates released by the Department were based on data submitted to the Department by the guarantee agencies which administer the GSL program in each State. These data come from the same sources as data used to bill the Department for payments on defaulted loans.

Although relatively minor errors can be found in these data and, indeed, the Department's Inspector General issued a report citing such errors, the overall quality of these data is quite good. The Inspector General's report was concerned about the use of these data to monitor the management of GSL awards at specific institutions--not to develop general information on the status of GSL defaults nationwide. While these data can be in error for specific institutions due to various technical reporting problems (such as changes in school location, the opening or purchase of branch campuses, or agency coding discrepancies), overall these data provide an accurate picture of GSL default patterns by postsecondary institutions.

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Some institutions may believe that their reported default rate is in error because the rate released by the Department differs from the rate an institution may have obtained from its local guarantee agency. However, the explanation for this apparent discrepancy is simply that the guarantee agency calculated the rate using a different formula to obtain a "cumulative default rate," as opposed to the "fiscal year default rate" calculated by the Department. The rate calculated by most guarantee agencies, the cumulative default rate, is defined as the percentage of the dollar value of all loans having ever entered repayment status which have ever defaulted (cumulative since program inception). The rate used in the new initiative, the fiscal year default rate, is calculated as the percentage of borrowers entering repayment status in a single fiscal year who default in that or the next fiscal year.

The fiscal year default rate provides a good measure of the propensity of borrowers who have recently gone into repayment status to default. This rate does not penalize schools for the defaults of borrowers who have long since ceased to be enrolled at the institution. Furthermore, this rate is not biased against schools with different programs, program lengths, or costs of attendance.

The Department is making every effort to improve the accuracy of the data to be used in our default initiative so that they will be complete and accurate when the new policy takes effect. These data are now required to be reported by the guarantee agencies; past reporting was voluntary. The Department currently also is developing more extensive edits to ensure data reliability. In addition, if an institution suspects that its default rate is in error, the school will have an opportunity to present evidence to that effect before the Department acts.

Thank you for your careful consideration of ways to reduce defaults in the GSL program. As you know, the Department has proposed a number of legislative amendments to address this problem, including extension of the authority to offset the Federal tax refunds of defaulters beyond July 1988, reduction of lender insurance and guarantee agency reinsurance to provide a financial incentive for lenders and guarantee agencies to prevent defaults and improve collections, broadening of the authority to consolidate loans with extended repayment lengths, repeal of current prohibitions against use of the National Student Loan Data System to verify borrower eligibility, and requirement of a high school diploma or GED equivalent for aid eligibility.

I look forward to working with you in solving the problem of excessive student loan defaults.

Sincerely,

William J. Bennett

Senator **Pell**. Senator Stafford?

Senator **Stafford**. Thank you very much, Mr. Chairman.

Mr. Secretary, as you are well aware, the data which the Department used to prepare the recently released report on institutional default rates has been highly criticized. If the criticism has some validity, do you intend to improve on the reliability of the information in order to ensure fair implementation of your proposed regulatory changes in the GSL program?

Secretary **Bennett**. Yes, we do, Senator. That is one of the reasons that we have the time line that we do in our proposals. Of course, there are other reasons as well—but a primary reason is to be sure that the data is reliable.

Bruce, would you comment further on that?

Mr. **Carnes**. Yes. The data is reliable enough that folks out there use it to get their bills paid by us, so they are satisfied with the accuracy on that count.

But there are some instances in which guarantee agencies may not have included certain kinds of information, which we now require. As of fiscal '87, the database will be much more complete.

I should point out that what we expect to happen with the database is that the picture that you see will simply be sharper and more distinct, but it is not going to change in nature. You are still going to see the same thing. Certain details may change and the picture get a little more clear, but essentially the picture is going to remain as we now see it.

In addition, in the event that we implement or institute any L, S and T proceedings, during those proceedings people will have the opportunity to challenge the data and correct it if they feel that it is wrong.

Senator **Stafford**. When I look at the chart over there in the hearing room, it is obvious that the default cost, as a result of the default rate has gone from a little over $200 million a year in fiscal year 1981 to $1.6 billion in FY '88 as estimated. We are almost in fiscal year '88, which means that about $1.4 billion more than FY '81 is being used to pay off defaulted loans. What I don't like about that—and I am sure you don't either, Mr. Secretary—is the fact that $1.4 billion is not available to students coming into the system. They are being denied a chance for a guaranteed student loan because of the defaults of those who have gone just ahead of them. I think that is deplorable.

Secretary **Bennett**. That is right. Indeed that is essentially what it means. One can look at it in terms of what the amount of money we pay for defaults could buy in Pell Grants—1.3 million additional Pell Grants could be paid for with what we are paying in defaults.

So no matter how one looks at the alternatives, grants or new loans, there is a lot of opportunity being wasted because of this.

Senator **Stafford**. Right. You mentioned in your testimony that the Department in the past has submitted proposals to Congress to deal with the default problem, and you discuss some of them in your testimony in connection with the default problem. What one or two would you consider the most important additional tools that you need to cope with this problem?

Secretary **Bennett**. Well, I think first the reduction of lender insurance, something you have heard from us about for some time.

Insurance paid to lenders by guarantee agencies for GSL borrower default costs under our proposals would be reduced from 100 to 90 percent, thus creating a concrete incentive, which does not exist now, for lenders to pursue diligent collection efforts.

We really are serious about getting all the players who are involved in this game up to appropriate levels of accountability. When we announced the initiative, Senator, with regard to institutions, I immediately got some mail; yesterday on the airplane, someone came up and said, "You know, you ought to do something about the lenders too." And I said we are. They need incentives and I think should have incentives for being more careful.

Mr. Kimberling also suggests repealing the prohibition against the use of the Student Loan Data System, for reasons I think we have already discussed; and also, extending the Tax Refund Offset Program.

There are several others, but I think if we were to talk about the ones that would be most important to us, it would be those.

Senator STAFFORD. You indicated in your testimony that the default problem needs to be addressed on several different levels. One of these was the schools themselves. It seems to me, that as much as I admire our institutions of higher learning, they have generally taken too much of an ivory tower approach to this problem. And while they may say it is a problem between the lender and the borrower and the guarantor, the colleges and universities of this country are going to suffer if the Guaranteed Student Loan Program fails.

I wonder if you could suggest what specifically an institution of higher learning could do to lower the default rate at its institution?

Secretary BENNETT. I agree with you, Senator. I think some have taken an ivory tower attitude; others, I think, could be characterized in a different way, perhaps not up in the ivory tower, but carrying the sacks of student loan money to the bank.

The main thing, of course, for institutions to do is to make it plain to students that they are incurring obligations, that students recognize what it means when they sign the promissory note.

Now, of course, when the student does that, that makes the student in most cases more attentive to the quality of his education, which we think is a good thing, not a bad thing.

Second institutions should remind the student, by way of counseling or other ways, that the obligation is there; and then, when the student leaves school, it is very important once again to remind the student of that obligation.

Good schools of all sorts—four-year, two-year, proprietary schools—all tend to do these things. They do not hide from students the fact that the students have obligations. They impress upon students that they do.

[Pause.]

Secretary BENNETT. Mr. Carnes reminds me there are some other things, in addition to better loan counseling, such as implementing less punitive tuition refund policies. We find this to be a problem at a number of schools. Also, paying attention to admitting only students who will indeed benefit from the programs, so that the focus is on the benefit of the student, not the benefit of the institution.

Senator **Stafford**. Thank you. Is there such a thing as an acceptable default rate on the part of an institution?

Secretary **Bennett**. That is an interesting philosophical question—and why, as a philosopher, I should not be able to answer it, I don't know.

I think the answer is that there are more and less acceptable ranges, but we think that 20 percent is a pretty high rate of default, and that is the point where we suggest implementing our L, S and T procedures. But any default is a lost opportunity for another student.

Apart from the general answer to that, I would want to emphasize that before we take action to terminate or limit an institution's participation, we would want to look at the facts and circumstances of the case—the abilities of the students that the institution admits, and the school's efforts to reduce defaults. We would operate with a rule of reason and good faith. If we proceed against the institution, the institution would have due process. There would be an administrative hearing, and we would want to hear their arguments. No institution is going to be booted out of this program who is doing an honest and responsible job.

But we think greater effort here, even a modicum of effort on the part of some institutions to show good faith, would drive this default rate down considerably.

Senator **Stafford**. My final question, Mr. Secretary. Could you elaborate a little on your suggested initiatives for States to take?

Secretary **Bennett**. Sure. I will ask Mr. Carnes to respond, if he would.

Mr. **Carnes**. Senator, a number of States have already taken some leadership in this area. In New Jersey, for instance, Governor Kean has begun some initiatives in this area and has been very concerned about some of the practices of institutions in his State. Governor Deukmajian A number of institutions have been disciplined. We think that the Governors have an interest in the welfare of the students in their States and in the institutions that they operate.

So we think that States should send a strong message to reinforce the points that we are making to all the institutions in their States that high default rates are something that they won't tolerate.

States should also consider offset programs for State income tax.

There should be—and I think this is very important—tighter State licensing requirements, and requirements for institutions to demonstrate their ability to manage these programs properly, and that their admissions requirements and the overall quality of the educational product they offer is good. I think we need to move more toward looking at the outcomes of an education, not just what goes into it at the front end, but what the results are—students drop out and job placement rates. I think those kinds of things are actions that States can take to help the institutions in their States.

Secretary **Bennett**. Senator, if I could just add another point. Your interest and the interest of the Chairman and others in, if you will, the larger questions of assessment, evaluation, outcome, and accreditation, all of these things bear, I think, directly on this issue. And States and Governors can play a direct role in determining who gets a license to practice.

Senator **STAFFORD**. Thank you very much.

Thank you, Mr. Chairman.

Senator **PELL**. Thank you very much, Senator Stafford.

As a matter of information, the tax offset was in the Reconciliation Bill we passed last night, too.

I am glad to see that the Chairman of our Full Committee is here. Senator Kennedy, we would like to recognize you.

Senator **KENNEDY**. I will take my turn.

Senator **PELL**. Fine.

Senator Mikulski.

Senator **MIKULSKI**. Thank you, Mr. Chairman.

Mr. Chairman, I just have three basic questions. First, I think we all recognize the situation is out of control and intolerable. You are to be congratulated for starting the discussion on how to resolve this issue.

My question goes first of all to an item that you raised in your testimony, Secretary Bennett, about the impact that this would have on low-income and either students of color or minority-status people, like women.

My concern is that your proposal might inadvertently punish or close the door to the good kids who want to go to schools with a specific identity, like historically black colleges, or who turn to community colleges because they essentially can put in one shift on the job and the other shift in school.

I wonder how, in more detail, you could address that issue where we are not really, then, going to close the doors of institutions that serve these unique populations, and therefore punish the good kids who are ready to go to school and pay off those bills?

Secretary **BENNETT**. That is a concern a number of people have raised, Senator, and I am glad you asked about it.

It is possible, under actions we might take, that the doors of some institutions might be closed to good kids. I would, however, focus on what is the quality of those institutions, rather than the good kids.

If the doors to an institution which is not really serving students are closed, that to me is not a particularly painful situation. Remember that higher education, postsecondary education, is a growth industry. There are lots of institutions out there and the number increases every year, particularly the number of proprietary schools. And we know a lot of the problem here is at proprietary, for-profit institutions.

We have contacted a number of proprietary institutions, and we can give you lists of institutions that take predominantly low-income kids or adults, do very well by them, and yet have a low default rate.

The doors of educational opportunity will not be closed to any student because of this initiative. It is possible the doors of some institutions which are not serving students will be closed; but there are plenty of other institutions there to take those kids in.

Senator **MIKULSKI**. Well, I think we are really at a question of balance and risk here, which then takes me to the question of reasons for default. We find that some schools have practically a zero default rate, and then others have a significantly high rate. And they are not all black schools. I note that one of the community colleges in my own area, the Community College of Baltimore, serves a predominantly black population. Dundalk Community College in my State serves a predominantly white population. Both have high rates of default.

Could you go into some of the reasons related to default, and are some of these then also related to future placement? In other words, if you are poor, and you go to a community college, you tend to get a job that isn't going to pay you $42,000 in a high-tech industry, and therefore you have both a higher debt and then a lower income once you graduate. And we have to think of some other alternatives.

Secretary BENNETT. Sure. Dr. Kimberling.

Dr. KIMBERLING. Senator Mikulski, there is no national study yet available, though we are working on one, which gives us a total profile of defaulters. But there are a number of State studies which have been done. All the evidence to date suggests that defaulters tend to come predominantly from among those who have dropped out. There is a high correlation between dissatisfaction with the education that one has received or, in this case, not received, and the propensity toward default.

Defaulters in general, interestingly enough, have a low average loan balance; they tend to have borrowed only one loan and a small amount. That is often because they have dropped out. So it is really not a high debt burden per se that causes most defaults; it is the educational quality component.

There is also a very high correlation between default and failure to make the first loan payment, even for those who complete their programs. Both of those statistics—drop outs and failure to make the first payment—are higher than anything that looks at ethnic data, sex data or geographical distribution. We think institutions can come into play in helping to get the borrower to make that first critical payment.

Senator MIKULSKI. So the default rate is based on volume of students who drop out, rather than seniors at a Morgan University who are in pre-med. In other words, if you make it through your first semester or your first year, you are more likely to continue and pay off your loan; is that it?

Dr. KIMBERLING. Absolutely, absolutely.

Senator MIKULSKI. So essentially, one of the tools that an institution could use to take care of the default rate problem is better admission standards and better screening on students most likely to continue through school——

Dr. KIMBERLING. Absolutely, Senator. In fact——

Senator MIKULSKI [continuing]. Which goes to your thing about the so-called "wholesale recruitment" of the day school of beauty and other cultural aspects type schools; is that it?

Secretary BENNETT. Right. You see, the school you describe, Morgan State is a school that I think is going to be prepared to get its default rate down and at which there is probably a fair amount of student satisfaction.

For other institutions, I think the only honest thing to say is that this kind of provision may make them decide it will be too costly to be in business, because we do find this very strong positive correlation between dropping out and not paying back your loan.

So, it would be wrong to characterize the typical defaulter as the kid who got his education, then couldn't find a good job and is not paying back because of financial problems. What we are finding is an awful lot of students who are in effect voting on the value of the education they received, or the education they didn't receive, by saying, "I didn't get much, and I don't feel very much obligated to pay for it."

Senator **Mikulski**. Thank you.

Mr. Chairman, in the interest of time, I think that summarizes the basic points I wanted to cover. There are others, but I can talk with them about it.

Thank you.

Senator **Pell**. And the record will stay open for any questions Senators care to insert.

Senator **Mikulski**. Thank you very much.

Senator **Pell**. Senator Quayle.

Senator **Quayle**. Thank you very much, Mr. Chairman, and welcome to Secretary Bennett.

I think you can see there is strong interest in this issue by the number of Senators on this Subcommittee who are participating.

I would ask unanimous consent, Mr. Chairman, that my opening statement be included in the record.

Senator **Pell**. It will be inserted in the record as if read at the beginning of the morning's proceedings.

Senator **Quayle**. Thank you, Mr. Chairman.

Senator **Pell**. My questions are somewhat along the lines of Senator Mikulski's. That is, is there a commonality of the institutions, that are going to be affected and if there is, do we expect these institutions either to correct themselves or do we feel that some of them are simply not going to be able to carry on?

And then I want to get into the actual students, the type of students who are going to be affected by this and see if we might have some general description and an understanding of exactly what we are talking about regarding the impact of this legislation. I think it is a dramatic problem, as you can see by the chart there, but when you go to grapple with it, the difficult thing is to make sure you are sort of squeezing at the right place.

Secretary **Bennett**. Right.

Senator **Quayle**. And we are going to put the squeeze on the institutions that are obviously going to affect certain students.

So first, let me just go through with you your description of what you feel in general terms—and be as specific as you can with some of the numbers; I know you had some reference in your opening statement to his. Who are these institutions? You say about one-third of some 2,190 would not meet the 20 percent. What kinds of institutions are these? Are they all over the lot, or is there a main group that have collected out there who just have these bad default rates? What are we talking about?

Secretary **Bennett**. They are all over the lot, but principally, we find that there are certain types of institutions that tend to have a problem more often than others. For specific figures, I will ask Ron or Bruce to break that down.

Dr. Kimberling. Senator, 80 percent of the schools with default rates higher than 20 percent are private, for-profit, or so-called proprietary institutions. But that is only less than half of the universe of proprietary institutions. We need to keep that in perspective, too.

Senator Quayle. But 80 percent of the 2,190 would be in the proprietary institution category?

Secretary Bennett. Right.

Dr. Kimberling. Yes, of those in the over 20 percent default rate category.

Senator Pell. Would the Senator yield for a second there?

Senator Quayle. I would be glad to.

Senator Pell. I think a better term instead of "proprietary" or "for profit" schools is "the taxpaying schools."

Secretary Bennett. Yes, right.

Senator Quayle. So in other words, why is that? Why would that general group of institutions have such a default rate?

Mr. Carnes. Well, there has been tremendous growth in this sector of education. In part this is due to the fact that the legislation that governs Federal student aid actually makes it possible for a lot of these institutions to make a very good living using Federal money. In fact, many of these institutions derive anywhere from 80 to 90 percent of their entire revenue from Federal student aid programs.

Senator Quayle. Are they more interested in a profit than they are the students? Is that what you are saying?

Mr. Carnes. Well, they are business enterprises.

Secretary Bennett. Well, again, we have got to——

Senator Quayle. Well, I know a lot of proprietary school operators, and I wouldn't put them in that category of being more interested in the profit than in the students. Obviously, they have to make a profit to keep the doors open, but they are very interested in these students and these kids that go through there. I am trying to get a feel as to not who is it we are after, but who are the culpable parties.

Secretary Bennett. Well, we are after the irresponsible institutions.

Senator Quayle. Well, yes, but why—I mean, not why they are irresponsible, but is there some description? I mean, is it the proprietary schools? That is what we are saying, isn't it?

Secretary Bennett. Well, as Bruce Carnes said, the data suggest that the highest incidence of default above 20 percent is at proprietary schools. But it would be wrong to paint all proprietary schools with the same brush. There are very responsible proprietary schools, and we like to recognize them, to hold them up as models of excellence. But one would be less than candid to say there are not a lot of irresponsible proprietary schools, too, and whether they are paying taxes or not, they are ripping off students.

But we don't have to make policy that will result in saying one brand, brand "x" or brand "y" of institution, will now be out of business. These regulations that we intend to promulgate will give us the authority to act against any institution, but in acting we will look at the specific facts in each case.

But we are from the same real world, Senator, and there are for-profit institutions out there that are interested only in that profit and not interested in students.

Mr. **Carnes**. If I could, Senator, I'll give you a couple of other numbers to put that in perspective. Of the schools with default rates above 20 percent, about 80 percent are proprietary schools; about 13 percent are two-year institutions, public and private; and 7 percent are four-year and above institutions.

Senator **Kennedy**. Could we have that again? Could I get those figures again, please?

Mr. **Carnes**. Yes, sir. It is our estimate that about 80 percent of the high default institutions are in the proprietary sector; 13 percent with a default rate above 20 percent are two-year institutions, that is, junior colleges and community colleges; and, 7 percent are four-year institutions or above.

Senator **Quayle**. Of these proprietary institutions that are above the default rate of 20 percent, is there one thing that they don't do that the ones who are not in this category do do?

Mr. **Carnes**. Yes.

Secretary **Bennett**. Yes, they don't educate and they don't counsel.

Senator **Quayle**. Educate in what sense?

Secretary **Bennett**. They don't provide a satisfactory education to the students so that the students feel an obligation to pay their loans back.

Senator **Quayle**. Are you talking about overall education or education about the student loan?

Secretary **Bennett**. Overall education At the same time, because the two are related, they often do not counsel the student adequately about the fact of the student's obligation.

Senator **Quayle**. How do you judge education—whether they get a job or not?

Mr. **Carnes**. Yes, in part.

Senator **Quayle**. So they are educated if they get a job, and they are not educated if they don't get a job?

Dr. **Kimberling**. Or pass a State license in their trade or profession.

Senator **Quayle**. In other words, they have to be prepared.

Mr. **Carnes**. A very high correlation exists between defaults and people who get trained in job areas where there are no jobs.

Senator **Quayle**. So basically we could say by doing this, we are really going to go after some of those schools, and as a matter of fact would expect some of those schools that are not preparing these kids for the work force and not getting them educated properly, to close their doors?

Secretary **Bennett**. We'll put some of them out of business right now if we get the right messages from this hearing; yes. They will decide the cost of doing business is too expensive.

Senator **Quayle**. And in your judgment, that is a good——

Secretary **Bennett**. You bet.

Dr. **Kimberling**. Yes. Senator, there is an important component to this issue and that is the marketplace. There are many very good schools that do a good job in this area. And we are convinced that if some of the schools that are doing a bad job didn't exist, some of the schools that are doing a good job would come in and, establish branch campuses to replace the bad schools. As the Secretary pointed out, it is a growing industry. We ought to give pats on the back to those who are doing the best job of providing education and training.

Senator QUAYLE. So this will really be a device to sort of weed out the schools that are inefficient producers in the education system.

Dr. KIMBERLING. And that gap in the marketplace will be filled by the schools that have a demonstrated record of good service in their communities.

Senator QUAYLE. Okay. Now that we have described——

Secretary BENNETT. But it is more than that, too.

Senator QUAYLE. Okay. That is going to be an effect; that is not a bad effect, is it?

Secretary BENNETT. No, no. One of the intended consequences would be to get institutions that are exploiting kids and exploiting the taxpayer out of business.

But remember the more general thrust of our proposal and indeed of your proposal as well is to get everybody to focus on defaults. Even institutions with low rates of default are still responsible for a number of defaults. The general default situation is too high, putting in jeopardy, I think, public credibility about all of our student aid programs.

Senator QUAYLE. And my last question is: Who are these folks? I would conclude that probably it is the ones who just are not receiving a good education who are predominantly the ones who are unable to repay their loans.

But have you done much analysis on who these people are that are not repaying their loans—income background, education background? Do you have that?

Mr. CARNES. Yes, sir.

Senator QUAYLE. And can you give us a description of who these people are that are going to be affected?

Mr. CARNES. Yes, Senator. They tend to be low-income students. They tend to be students who are divorced or separated. There is a high representation of minorities here.

The important thing I think to keep in mind in looking at this, particularly given the fact that the majority of low-income and minority students go to institutions where the default rate is very low, is that among these institutions that have very high default rates, these particular individuals, it seems to me, are victimized and are taken advantage of. They are often indeed recruited right out of unemployment lines. Schools will send recruiters into unemployment offices to drag people with little chance of succeeding at their school out to go into their academic programs, and sign them up for Federal student aid. There are virtually, in many instances, nonexistent standards for admission; if you can read or write at all, you are in. And these people, it seems to me, are the ones that we are trying to protect. I think that they are being victimized by a lot of unscrupulous practices.

Senator QUAYLE. Okay. Now, these are very important categories of people that you have just mentioned—low-income, children of divorced spouses, minorities.

Secretary **Bennett**. Yes.

Senator **Quayle**. And we have got to make absolutely certain that as we institute some of these procedures—which I don't have any problem with—that these categories of people are the ones that really need our attention.

Secretary **Bennett**. Right.

Senator **Quayle**. I mean, you say that they have, in fact, been victimized; but if they don't have even a chance to do this, we have got to encourage some way to make sure that they get into the system.

Secretary **Bennett**. Right.

Senator **Quayle**. Otherwise, this thing is going to be counter-productive, and we are going to get into a situation where these people won't have anything—and a lot of these people do make it; I mean, we are talking about the ones that don't make it——

Mr. **Carnes**. That is correct.

Secretary **Bennett**. Right.

Senator **Quayle**. You have to think of the situation that as you deny some access—although it can be filled by others—that you do not want to have the situation where they don't have any availability.

Secretary **Bennett**. But we are not doing anybody a favor, particularly not a poor kid or a low-income kid from a divorced or separated family, or whatever the category is, by allowing people to exploit him and the taxpayer at the same time.

Senator **Quayle**. I wish you would at some later time dwell on this issue and talk about it, because it is something I know I am very interested in as we look at this thing, the impact. And I think it would be helpful to you in implementing this program to show us how you are going to assist these categories of folks who are really going to be affected by it. And I know Senator Stafford and Senator Kennedy would probably feel the same way.

Those are the questions I have. I yield back.

Senator **Stafford** [presiding]. Senator Kennedy.

Senator **Kennedy**. Thank you, Mr. Chairman.

I want to express our appreciation to Secretary Bennett. He adjusted his schedule to join us here this morning, and we are grateful to you and your associates.

I have real trouble with the proposal, quite frankly. There is no question there has been a dramatic increase in terms of defaults on student loans. There is no question we have to come to grips with it. There is no question that the Administration and the Congress have been slow in dealing with it. Let's all assume that.

But I think also when we are talking about these kids that are just ready to cheat the system, we ought to look at what has happened over the last seven years in this Administration—a dramatic reduction in grant aid programs for the kids and an increase in the loan programs. A very, very significant movement from grants to loans; and a lowering of the eligibility of who is going to be able to get the loans in any event.

So we are moving in on the most vulnerable young people in our society. You have identified them—minorities, economically disadvantaged children from divorced families, and kids who are trying to get an education.

Now we hear that we are going to save all these kids because we've got all these "hucksters" who are out there, pulling kids out of unemployment lines, throwing them into the proprietary schools and trying to make a buck on them.

If you've got evidence of that, let's have it, Mr. Secretary, let's have it. Let's have it right now. Give me the documentation. Give me the studies that show in terms of proprietary schools, what percent of them are out there, huckstering young kids. I'd like to hear that right now.

Secretary **BENNETT**. We'll have a study for you in four weeks——

Senator **KENNEDY**. I don't want a study in some weeks. You have made the statement.

Secretary **BENNETT**. Right.

Senator **KENNEDY**. You have made the statement. You have made an indictment of all the proprietary schools of this country——

Secretary **BENNETT**. Nonsense, nonsense. I certainly did not——

Senator **KENNEDY**. Your staff has. I have the floor, Mr. Secretary, I have the floor. You'll have a chance.

Secretary **BENNETT**. I will?

Senator **KENNEDY**. You sure will.

Secretary **BENNETT**. Okay. And you'll be here?

Senator **KENNEDY**. We do that up here.

Secretary **BENNETT**. And you'll be here?

Senator **KENNEDY**. Yes, I'll be here to listen to it, too.

Secretary **BENNETT**. Okay. Thank you.

Senator **KENNEDY**. But when we talk about the minority kids, women, economically disadvantaged students, and then we hear we don't want them exploited, and we've got all of these—as your staff—and I apologize, I didn't hear your name——

Mr. **CARNES**. Carnes.

Senator **KENNEDY** [continuing]. Your staffer talking about these schools that are exploiting all this. That is a general indictment of the whole proprietary school sector.

Now, maybe they deserve it, and maybe they don't. But when there is someone here on the staff of the Secretary of Education who makes that kind of comment and statement, I am going to challenge it, and I want to hear the authority for it. And if you've got the authority for it, I want you to present it to the Committee now, and then I will come to my next question.

Secretary **BENNETT**. Okay. We will give you the report, with names and specifics, in four weeks. We have not accused any particular school. We have not mentioned any particular school by name. What we have said is something that I think everybody knows, Senator, which is that some schools are responsible and others are not. I can send you a tape of that "60 Minutes" show that was on two years ago. That was pretty compelling and pretty convincing.

But we are not going to make our case against any specific institution until we have all of our facts.

Senator **KENNEDY**. Well, the study, as I understand, is not completed, then.

Mr. **CARNES**. We have preliminary findings from the study, Senator.

Senator KENNEDY. Are you going to submit those? Can you hand those up here? Could we have that?

Mr. CARNES. I don't want to submit them until I have had a chance to make sure that all the details have been completed. I have described to you one or two instances of practices that occurred in particular——

Senator KENNEDY. One or two instances.

Mr. CARNES. Yes, sir.

Senator KENNEDY. Thank you.

Mr. CARNES. And I have also characterized a large portion of those institutions that have default rates above 20 percent. We have by no means suggested that that is true of the proprietary sector.

Senator KENNEDY. Well, that is very helpful. There is one or two percent, as I gather—is that right—or one or two instances?

Mr. CARNES. I said that I referred to a specific instance——

Senator KENNEDY. A specific instance now.

Mr. CARNES [continuing]. And I have cited one or two institutions to dramatize or to illustrate the general point that I was making about those particular institutions with high default rates.

Senator KENNEDY. When I was listening, it is "one or two instances" or "one or two percent". You have spent a lot of time emphasizing all these poor kids that are being ripped off, and now we find it is either "one or two instances" or "one or two percent".

Secretary BENNETT. No, no——

Senator KENNEDY. We are having testimony here before our Committee about this, and you are not prepared to share it. You are prepared to testify about it, but you are not prepared to share it.

Secretary BENNETT. We are not going to give you the names of any institutions that we believe are irresponsible until we believe we have a solid case. But the notion that, in the absence of that, one cannot appreciate that there are institutions out there, ripping off kids, is astounding. Everybody knows this, Senator; everybody knows this.

Senator KENNEDY. Sure. But the generalization—what percentage, Mr. Secretary—what percentage?

Secretary BENNETT. What percentage of what?

Senator KENNEDY. Of the proprietary institutions are ripping off, fall into that characterization?

Secretary BENNETT. Exact? I can't give you the exact numbers.

Senator KENNEDY. Well, ask your staffer, then.

Mr. CARNES. We don't have exact figures currently available.

Senator KENNEDY. Well, is it a substantial percentage?

Secretary BENNETT. Yes, I think it is probably substantial.

Senator KENNEDY. Well, what do you call that—20 percent?

Secretary BENNETT. Oh, 20, 30, maybe 40.

Senator KENNEDY. Thirty or 40 percent.

Secretary BENNETT. That means most proprietary institutions are doing a decent and responsible job, but a substantial number are not.

Senator KENNEDY. Now, in terms of 30 or 40 percent that are effectively ripping off the kids, now how do you define ripping off the kids?

Secretary **Bennett**. Very low graduation rates; very high dropout rates; kids unable to find jobs after completing studies, of those who do complete studies. We also find other poor administrative practices—slow reporting or faulty reporting of data and the like. The correlation between high defaults and other administrative and institutional deficiencies is very high.

Refund policies is another area.

I will give you this, in case you think I am living in a dream world. This is a letter from two members of the Legal Aid Society of Chicago—and we can submit it for the record—which was published in the Chicago Tribune. Let me just read it to you in part.

These are two attorneys for the Legal Aid Bureau of United Charities of Chicago who wrote about this problem. They say of a number of institutions:

> After binding enrollment agreements are signed, and the Federal grant and loan money has been used to pay for tuition and other fees, students are shocked to learn that the beauty school, travel school, data processing schools are schools in name only. Equipment is substandard; instructors are poorly-qualified and turn over at an alarming rate; and most important, job opportunities are not improved by graduation.
>
> Many for-profit schools do not exist to perform a service for young people seeking an education, but to use would-be students as a means to extract Guaranteed Loan money and Pell Grants from the Federal Government to fill the pocketbooks of the school owners.
>
> In fact, without Federal grant and loan funds, such schools probably would close.

Those are people that we will talk to, obviously. They recognize there is as problem, and I think most of us recognize there is a problem.

Senator **Kennedy**. No one is defending those situations, Mr. Secretary.

Secretary **Bennett**. That's good, that's good.

Senator **Kennedy**. No one is defending those schools. But to make that generalization of all proprietory schools without documentation for it is a serious indictment to many schools. And I think as far as those young people in our country who are trying to get an education, I think it does a disservice, really, to them.

Let me ask you——

Secretary **Bennett**. May I respond to that? It does a disservice to me for you to misrepresent my view. I went to some pains——

Senator **Kennedy**. Well, we will let the record say.

Secretary **Bennett**. The record will stand that I said most of the proprietary institutions are responsible, and those are not the ones that we are worried about. I said disaggregate the data.

Senator **Kennedy**. Now let me ask you, if the school does everything that you suggest and still has a default rate in excess of 20 percent, and serves a high-risk population, what do you expect the school to do next?

Secretary **Bennett**. Well, we will look at that situation.

Senator **Kennedy**. You have got that flexibility?

Secretary **Bennett**. You bet, yes. There is nothing automatic, Senator, in our proposals. After the period is up, and the default rate is above 20 percent, we are going to take a look, a close look. But we are not automatically going to suspend or limit or terminate. We are going to look at the situation. And as I have said a number of times, we are going to use a rule of reason. Is the institution making good faith efforts? Have they gotten the default rate down? Is it down from 50 to 40, 35, 30, showing progress? These are the kinds of factors we take into account.

Senator **Kennedy**. Was that in the original proposal?

Secretary **Bennett**. Yes.

Senator **Kennedy**. Will you make the original proposal available?

Secretary **Bennett**. Yes, we sure will; it is in my statement this morning, yes.

Senator **Kennedy**. In the original proposal, you had that degree of——

Secretary **Bennett**. Yes, sir.

Senator **Kennedy**. Do you advise them—say you are the dean of admissions, and you have one of these kids who looks a little risky, and you are right there at the border—are you suggesting that the schools deny loans to eligible students to get their default rates down?

Secretary **Bennett**. Are we advising that? No, because again, we can point—and we can give you all this information and data, if you want it—to the large number of institutions that serve just this population of students and serve them very well. With a good educational program, and with good counseling, we think the default problem and the default rate will go down dramatically.

Senator **Kennedy**. Could you tell us how many historically black colleges have a high default rate?

Secretary **Bennett**. Using "high" as above 20 percent, I think it is something like two-thirds or three-quarters of the HBCUs are currently above 20 percent. But about half of those are within, I believe, the 20 to 30 percent range.

Mr. **Carnes**. That is correct.

Senator **Kennedy**. Are those black colleges ripping the kids off?

Secretary **Bennett**. No, not for the most part, I don't think so. And I think we will see that default problem addressed by those institutions.

I can give you the numbers.

Senator **Kennedy**. Well, Mr. Chairman, we could go on, needless to say, on this. I have a number of other questions.

I would just say, Mr. Secretary, I think action is needed. There is no question that GSL defaults are the fastest-growing education program in the Department of Education. But it does seem to me what we need is a balanced program rather than a kind of an arbitrary program. I think we ought to look at the lenders, I think we ought to look at the State agencies, I think we need better loan counseling for students and potential students, reminding them of their responsibility, and all those things. But I myself find the proposal that you have to be short-sighted. I think we have to address it. We look forward to trying to work with you, but it does seem to me that having a balanced program which involves these other groups as well would help to address many of the problems that you have identified here this morning and would do it in a fair and more sensitive way. We have a difference on that, but I think this Committee is going to have to take some action. I look forward to working with the Chairman and the Ranking Minority Members.

Secretary **Bennett**. Thank you. Could I comment just briefly?

Senator **KENNEDY**. Yes.

Secretary **BENNETT**. I agree with you. I want to emphasize, Senator, the numbers are the numbers; but we do not have in mind any kind of institution as being the special target of this initiative. We are not interested in eliminating categories of institutions. Nor will there be any protected category. If there is a four-year or two-year or historically black college or university that doesn't get its rate down, and we don't think it is making good faith efforts, we will act there as well. But it won't be—the word I would want to emphasize, Senator, is—arbitrary. And perhaps there was some confusion on that. But before we would act to limit, suspend or terminate, there would be hearing, and a right to due process. The institution would have the right to appeal our numbers and findings, and obviously it will be a matter of public record.

So we would be very reluctant, for obvious reasons, to put or try to put out of business or limit or suspend the business of any institution that was doing a bona fide job.

Senator **KENNEDY**. Thank you.

Thank you, Mr. Chairman.

Secretary **BENNETT**. Thank you.

Senator **PELL**. Thank you very much, Senator Kennedy.

I thank you, Mr. Secretary, for being with us. There will be some questions coming to you for reply, focusing on a variety of subjects, I think particularly concerning the accuracy of the figures that we are getting; and also, the legislation that we have proposed which, as you know, is more permissive in nature——

Secretary **BENNETT**. Yes.

Senator **PELL** [continuing]. And gives some allowance for the black colleges. I will be interested in your reactions to our legislation, which might be a good compromise, as we hope you would come to think.

Secretary **BENNETT**. I am very heartened by this, Mr. Chairman, because you know, there are times when one part of Government is on the earth, and the other part is on the moon, and the distance is great. On this one, I think we are very close together, and we look forward to working with you.

Senator **PELL**. I know I have had very profitable conversations in my own State with some of the institutions that are involved.

Secretary **BENNETT**. Thank you.

Senator **STAFFORD**. Mr. Chairman, my final comment here would be that in addition to the reasons we have discussed this morning for trying to solve this problem, as long as we allow this to exist, it will continue to give the enemies of a Federal role in higher education a wonderful target to take aim at. Thus, this is something that we need to eliminate as soon as possible.

Secretary **BENNETT**. It certainly does.

Senator **PELL**. I think the point made by the Ranking Members is very, very important, because if the cost of defaults continues as it is now, it will affect all educational programs for our Nation's young people and for the institutions.

I thank you very much for being with us.

Secretary **BENNETT**. Thank you.

[Additional material supplied for the record by the Department of Education follows:]

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

Dear President:

In fiscal year 1988, American taxpayers will pay more than $1.6 billion to cover defaults on loans issued under the Guaranteed Student Loan (GSL) program. These increasing default costs are undermining public confidence in the GSL program, taking away scarce public resources from other student aid programs, and depriving future students of federal student aid as more and more of the available resources are diverted to pay bad debts.

Recent evidence of this problem appeared a few weeks ago when the National Conference of State Legislatures and the National Governors' Association issued a report showing that many of the postsecondary institutions participating in the GSL program have extremely high default rates, some approaching 100 percent. To confirm that report's findings, I had re-analyzed the 13 million GSL records maintained by the U.S. Department of Education. Our study found that about 950 institutions in the GSL program had FY 1985 default rates greater than 40 percent. I am sure that you find this figure as alarming as I do.

This Administration has already taken a variety of steps to control student loan defaults by implementing and expanding many default prevention and collection improvement practices, particularly those authorized under the Education Amendments of 1980 and the Debt Collection Act of 1982. Actions taken to control student loan defaults include greater use of private collection agencies to complement federal collectors, offsetting the salaries of federal employees in default, notifying national credit bureaus of GSL defaulters, establishing an IRS tax refund offset program, and increasing lender and guarantee agency due diligence requirements to prevent GSL defaults and improve collection efforts. We have proposed a number of legislative remedies to encourage greater lender efforts to control defaults and to encourage guarantee agencies to improve enforcement of lender due diligence standards. We are also asking Congress to broaden the authority to consolidate loans to reduce loan burden and to eliminate statutory restrictions on using the National Student Loan Data System to verify borrower eligibility.

Our efforts to date have emphasized the responsibilities of individual borrowers, lenders, and guarantee agencies. But the high and growing GSL default rate and its associated costs make additional action necessary. Therefore, I will soon be issuing regulations holding institutions responsible for keeping the GSL default rates of borrowers who attend their institutions below 20 percent for the first two years of repayment. I am taking this action based on §487 of the Higher Education Act, as amended, which authorizes the Department to prescribe reasonable standards of appropriate institutional capability for the administration of the program.

The Department is also generally authorized by §432(a) of the Act to regulate as necessary to carry out the program and to prevent the taxpayers from incurring unreasonable risks of loss. An institutional default rate of more than 20 percent indicates that an institution may not have adequate institutional capability to administer the GSL program and may be posing an unreasonable risk of loss to the taxpayers.

Institutions can take effective action to control GSL defaults among borrowers who attend their institutions. Actions they can take include admitting only those students who can benefit from their programs; adopting less punitive refund policies; providing better debt counseling and consumer information to students; sharing information on students and defaulters with lenders and guarantee agencies; and taking steps to improve the outcomes of their programs for students.

The new policy I am announcing requires that institutions have fiscal year default rates of 20 percent or below. The fiscal year default rate is defined as the percentage of borrowers entering repayment status in a given fiscal year who default before the end of the next fiscal year. For borrowers entering repayment status in fiscal year 1988, the default rate is the percentage who default in fiscal year 1988 or fiscal year 1989.

The Department will inform institutions of their fiscal year 1988 default rate in December 1989 to enable institutions to determine the extent of corrective actions that may be needed. The Department will then calculate each institution's fiscal year 1989 default rate in December 1990. Institutions with a rate above 20 percent will immediately be subject to limitation, suspension, and termination proceedings with respect to their continued participation in federal student aid programs. For fiscal years 1991 and beyond, the Department will continue to monitor each participating institution's fiscal year default rate and will initiate limitation, suspension, and termination proceedings for institutions with rates over 20 percent.

Assistant Secretary for Postsecondary Education C. Ronald Kimberling will contact you shortly to provide additional details concerning the implementation of this policy. I know you will agree on the importance of this national effort to reduce the GSL default rate.

Sincerely,

William J. Bennett

FACT SHEET ON EDUCATION DEPARTMENT PLANS TO REDUCE DEFAULTS IN THE GUARANTEED STUDENT LOAN (GSL) PROGRAM

November 4, 1987

I. THE PROBLEM: RISING GSL DEFAULT RATES AND COSTS

- Total costs for GSL defaults* are expected to increase from $531 million in FY 1983 to $1.6 billion in FY 1988--more than a 200 percent increase in five years.

  * A GSL is generally considered by the lender to be in default only after a payment is 180 days past due. Lenders may then take up to 90 days to file a default claim with the guarantee agency, while guarantee agencies take from one to about 60 days to pay the lender's claim and submit a reinsurance claim to the Department of Education (ED). Guarantee agencies are not allowed by statute to file a claim with ED until the loan is at least 270 days delinquent. Thus, a default cannot be included in the ED data base for at least 6 months and possibly up to 13 months after the loan has entered repayment status.

- In FY 1988, an estimated 47 percent of the Education Department's $3.4 billion in GSL expenditures will go toward making payments on defaulted student loans.

- There are 533 postsecondary institutions with a FY 1985 default rate above 50 percent, from a total of 7,295 institutions participating in the GSL program. Some of the institutions above 50 percent have only a small number of borrowers in repayment and thus do not provide a statistically significant sample for purposes of reviewing institutional administrative practices.

- These excessive costs threaten to undermine public confidence in the GSL program and redirect scarce public resources from other education priorities.

II. PROPOSED DEPARTMENT ACTIONS REGARDING INSTITUTIONS WITH HIGH DEFAULT RATES

- Secretary Bennett is sending a letter to the president of every institution participating in the GSL program encouraging each school to implement measures designed to reverse the current upward default trend.

- The Department will issue new regulations which may ultimately bar institutions from participation in all federal student aid programs if an institution fails to maintain a fiscal year GSL default rate* of no more than 20 percent.

* The fiscal year default rate is defined as the percentage of borrowers entering repayment status in a given fiscal year who default before the end of the next fiscal year. For example, the FY 1988 default rate would be obtained by taking the number of borrowers entering repayment in FY 1988 who subsequently defaulted in either FY 1988 or FY 1989 and dividing that number by the total number of borrowers who entered repayment in FY 1988. The two year period measured in the fiscal year default rate is the period when the majority of defaults occur.

- Secretary Bennett has directed the Department immediately to undertake program reviews at institutions whose default rates are now above 50 percent, and he has asked that the Inspector General focus audit and investigative efforts on those institutions where the program review suggests the existence of waste, fraud or abuse.

- In December 1989, the FY 1988 default rate will be calculated for each institution. Letters will be sent to all institutions notifying them of their FY 1988 default rate. These letters will provide institutions with a reminder that the 20 percent cutoff policy will take effect one year later, beginning with the FY 1989 default rate.

- In December 1990, the FY 1989 default rate will be calculated. If an institution's default rate is above 20 percent, limitation, suspension or termination procedures will be instituted immediately. The Department will continue to monitor fiscal year default rates in each subsequent year and will continue to take appropriate actions to ensure that defaults are minimized.

III. CURRENT DEPARTMENT EFFORTS TO REDUCE DEFAULTS

- The Department has employed a variety of legislative, regulatory and administrative actions to intensify collection efforts. Among these are:

  --Due Diligence Regulations. ED published final regulations in November 1986 requiring lenders and guarantee agencies to make more specific efforts to follow-up on delinquent loans before they are in default.

  --Credit Bureau Reporting. ED has fully implemented authority to report ED-held defaults to consumer credit bureaus in order to affect adversely a defaulters' ability to obtain credit financing. More than 830,000 debtors have been reported thus far.

--Federal Employee Match. Since 1982, more than 74,000 federal employees have been identified and sent notices to repay defaulted student loans. Federal agencies are implementing screening procedures to prevent student loan defaulters from being hired without having entered into repayment agreements.

--Justice Department Referrals. As of September 1987, 27,000 defaulted accounts in the National Direct Student Loan (NDSL) program have been referred to the Justice Department for litigation. Collections on these accounts totalled about $9.7 million in FY 1987.

--IRS Offsets. Since 1986, ED has referred 1.5 million accounts valued at more than $3 billion to the IRS for offset of defaulters' federal tax refunds. This has resulted in some $269 million in collections through FY 1987 on approximately 520,000 accounts. The Department expects to collect an additional $166 million in FY 1988, if legislative authority is extended by Congress.

--Collection Services. ED has expanded contracts with private sector collection services to collect on defaulted debts. In FY 1987, private collection agency receipts were up 72 percent over FY 1986.

--Write-offs. ED is currently developing realistic write-off policies to ensure that appropriate accounts are held in an inactive file for possible subsequent offset against future benefits, refunds or other federal payments. Accounts that are not collectable accounts are written off and thus considered as taxable income of the borrower, resulting in an increased tax liability for such borrowers.

o Legislative Proposals for Congressional Action:

--Extend the IRS offset authority which expired September 30, 1987.

--Reduce lender insurance from the current guarantee of 100 percent of principal and interest on each loan in default to 90 percent. This sharing of risks will encourage lenders to practice greater diligence in their collection efforts prior to filing default claims.

--Reduce guarantee agency reinsurance from 100/90/80 percent to 90/80/70 percent of default costs. Take into account agency collection activity to encourage strict agency enforcement of lender and agency due diligence collection standards.

--Broaden authority for Consolidation Loans to decrease students' repayment burden and, possibly, defaults.

--Repeal prohibitions against use of the National Student Loan Data System to verify borrower eligibility (e.g., by checking whether a student loan applicant is in default) prior to making, guaranteeing, or certifying a loan.

--Require a high school diploma or GED equivalent for all student aid recipients.

o Regulatory Proposals:

--Require all participating schools to use a modified pro rata refund policy with a minimal "cancellation fee" of not more than a fixed percentage of tuition, sufficient to cover the school's overhead expenses.

--Require accrediting agencies and schools to improve consumer information disclosures to prospective students. This would include withdrawal and graduation rates for particular programs, information substantiating a school's claims regarding job placement rates and starting salaries, and applicable professional licensing requirements.

IV. ACTIONS INSTITUTIONS CAN TAKE TO REDUCE GSL DEFAULT RATES

o Provide better loan counseling, which would heighten students' awareness of the responsibilities to repay their loans and the level of debt they are incurring.

o Implement less punitive tuition refund policies, which would permit dropouts to repay a greater portion of their loans immediately.

o Improve admission practices so that students will clearly be able to benefit from the school's program and would thus be more likely to graduate and find subsequent employment.

o Withhold release of academic transcripts for loan defaulters.

o Improve communications with other schools, lenders and guarantee agencies so that defaulters are not awarded additional aid, lenders are promptly informed when a student leaves school, etc.

V. ADDITIONAL ACTIONS THE CONGRESS, STATES, LENDERS AND GUARANTEE AGENCIES CAN TAKE

- Congress should immediately renew the tax refund offset authority so that necessary actions can be taken to allow for offsets of 1987 tax refunds.

  Congress should immediately repeal prohibitions against use of the National Student Loan Data System to verify borrower eligibility, so the Department can move ahead with design and implementation of this system.

- Congress should adopt the Administration's debt collection and program accountability proposals that will be included in the President's FY 1989 budget request.

- State legislatures/governors should send a strong message to all state schools that high default rates will not be tolerated.

- State legislatures can provide state guarantee agencies with sufficient resources to expand debt collection activities and indicate that this is to be a high-priority activity.

- Lenders should improve loan counseling of borrowers.

- Lenders should improve communications with schools to determine when students leave school and alert schools when loans on recent graduates become delinquent.

- Lenders should implement the due diligence requirements contained in the revised GSL programs regulations issued last year.

- Guarantee agencies should improve monitoring of lender due diligence practices.

- Guarantee agencies should begin implementing limitation, suspension, and termination authority granted in the 1986 Higher Education Act Amendments.

- Guarantee agencies should improve communication of default information to participating institutions.

UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

FOR RELEASE: 11:00 A.M. (EST)
Wednesday, November 4, 1987

Contact: John Bertak
(202) 732-4576

WILLIAM J. BENNETT
UNITED STATES SECRETARY OF EDUCATION

Statement on

GUARANTEED STUDENT LOAN DEFAULTS

Horace Mann Learning Center
United States Department of Education
November 4,1987

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

I am here today to announce a new policy to help deal with the problem of student loan default. It's accountability time.

The current situation is intolerable. As things now stand, virtually one-half of the Guaranteed Student Loan (GSL) budget -- some $1.6 billion just this fiscal year -- goes to default payments. Paying off defaulted loans now ranks as the third largest expenditure of the Department of Education. This is a disgraceful situation that no one, neither Congress nor the Executive branch, intended. It must change.

As you know, the Reagan Administration has already taken strong action to deal with individuals who have defaulted on their GSL. We have, for example, implemented a policy of offsetting IRS refunds on their income taxes. In the past two years we have collected more than a quarter of a billion dollars through IRS offsets. I have asked Congress to renew this authority, and I am pleased that Congress is moving to do so.

Yet the federal government continues to pay off defaulted loans because the government has given its guarantee -- its word -- that these loans will be repaid. I fully support this guarantee. But the individual, too, has given a guarantee. The student has provided his signature, and given his word, that he will repay his loan. Certainly, it is the individual borrower who bears the major share of responsibility for paying back his loan.

Many parties are involved. Guarantee agencies and lenders are involved, and we have new regulations in place and legislative proposals that increase their responsibility. Today we are talking about postsecondary institutions. They bear a responsibility as well -- a responsibility Congress recognized in the Higher Education Act Amendments of 1986. I am therefore announcing a new policy to address those institutions whose students have an exceedingly high rate of default.

Such institutions do exist. Our new analysis of the available data indicates that some 500 postsecondary institutions have default rates above 50 percent. The extraordinarily high default rates at these institutions suggest they may be failing to meet their obligations under current law. I have therefore directed that the Department immediately undertake program reviews at institutions whose default rates are now above 50 percent, and asked that the Inspector General focus audit and investigative efforts on those institutions where the program review suggests the existence of waste, fraud or abuse.

But we need to attack the problem more systematically. I have the authority to prescribe reasonable standards of appropriate institutional capability for the administration of the GSL program, and to prevent taxpayers from incurring unreasonable risks of loss. I am therefore today announcing that the Department of Education intends to issue new regulations under which it will bar institutions from participation in all federal student aid programs if they fail to bring the GSL default rate of their students to no more than 20 percent.

Today I am sending a "Dear President" letter explaining our new policy to every postsecondary institution participating in the GSL program. The letter informs them that the Department will calculate each institution's default rate in December 1989 and again in December 1990. Institutions with a rate above 20 percent in 1990 will immediately be subject to limitation, suspension, and termination proceedings with respect to their continued participation in federal student aid programs.

Now, the majority of postsecondary institutions -- like the majority of individuals -- act responsibly concerning their accountability for the guaranteed loans from which they benefit. But this Department would not be a responsible steward of federal student aid or of student interests if we failed to take action against those institutions whose record jeopardizes the entire student aid program.

More than 30 percent -- some 2190 -- of the institutions participating in the GSL program had default rates above 20 percent in 1986, according to our estimates. These 2190 institutions enrolled some 30 percent of GSL borrowers, and these borrowers accounted for some 57 percent of the total amount of money in default. We trust that our new policy will lead many institutions to lower their default rate to a level where they will be able to remain in the program. But there are some institutions that will not act to meet this standard. Those that do not should not remain in a program designed to promote educational opportunity, not educational default.

As Secretary of Education, I fully support a wide range of opportunities for students in postsecondary education -- including private, public, vocational and proprietary schools. The initiative I announce today is not directed against any particular sector. And this plan will not deprive any student of a postsecondary education. Students can take their student aid and study at the thousands of responsible institutions that exist. Indeed, they will be better off doing so. For we must be skeptical about the real educational opportunities provided by an institution with a very high default rate -- since high default rates tend to correlate with high dropout rates and other institutional deficiencies.

Last week I spoke to the Association of Independent Colleges and Schools, and I am pleased to say they are also concerned about the default problem. That association, in conjunction with the National Association of Trade and Technical Schools and other private career school groups, has produced a draft manual on steps institutions can take to drive down defaults. That manual asserts that "No one can argue that our present default rates are acceptable -- they are not." And the American Council on Education this week sent a letter to college presidents urging them to "do all we can to reduce the default rate."

I am pleased by this growing consensus, by the growing sense that postsecondary institutions must come to grips with the default problem. This Department has already done much, ranging from increasing lender and guarantee agency due diligence requirements to proposing new accreditation regulations. We would like to do still more. We have proposed various legislative remedies to Congress, and I look forward to continuing to work with Congress to develop legislation that would permit other steps to be taken.

Our efforts to date have emphasized the responsibility of individual borrowers, lenders, and guarantee agencies. The action I take today focuses on institutions. We all have a part to play in dealing with this intolerable situation. For today's default rates are not merely an embarrassment; they are an injustice to the millions of American taxpayers who generously support our student aid program. And if these default rates continue, they will jeopardize future educational opportunities for millions of our students. We cannot and will not allow this to happen.

UNITED STATES
DEPARTMENT OF EDUCATION NEWS

FOR RELEASE: November 4, 1987
11:00 A.M. EST

John Bertak (202) 732-4576
Tom Lyon (202) 732-4576

BENNETT OUTLINES PROGRAM TO CUT STUDENT LOAN DEFAULTS

Secretary of Education William J. Bennett today announced that new administrative sanctions will be initiated against colleges, universities and other postsecondary schools where defaults in the federal Guaranteed Student Loan (GSL) program are excessive.

Under these new rules to be issued by the Education Department, institutions with GSL default rates exceeding 20 percent may ultimately be expelled from all federal student aid programs.

Bennett said that while government efforts to recover defaulted student loans have substantially improved, the percentage of new GSL loan defaults has continued to soar to levels that are "intolerable." At present, "virtually one half of the Guaranteed Student Loan budget goes to default payments," the Secretary said.

These default payments -- projected to total over $1.6 billion in fiscal 1988 -- have become the third largest expenditure of Education Department funds, "a disgraceful situation that no one, neither Congress nor the Executive branch intended," Bennett said. This situation, he added, threatens to undermine public confidence and "jeopardize future educational opportunities for millions of our students."

--MORE--

The Secretary noted that the primary responsibility for repayment of government-backed loans remains with the students who borrowed the money. "But postsecondary institutions bear a responsibility as well -- a responsibility Congress recognized in the Higher Education Act Amendments of 1986."

At a press conference, the Secretary released a list of the FY 1985 GSL default rates at 7,295 postsecondary institutions participating in the GSL program. The FY 1985 default rate is calculated as the percentage of borrowers entering repayment status in FY 1985 who defaulted before the end of FY 1986.

The list showed that 32 percent of the schools had default rates of more than 20 percent. More than 500 institutions, Bennett noted, had a default rate of more than 50 percent.

"I have therefore directed," Bennett announced, "that the Department immediately undertake program reviews at institutions whose default rates are now above 50 percent, and asked that the Inspector General focus audit and investigative efforts on those institutions where the program review suggests the existence of waste, fraud or abuse."

Moreover, he announced that he has mailed a letter to the president of every postsecondary institution participating in the GSL program stating that the Department will closely track default rates for all schools participating in the GSL program in fiscal years 1988 and 1989. At the end of 1989 warnings will be issued to all schools with a default rate higher than 20 percent.

For those who fail to bring their default rate under the 20 percent mark within another year, the Department will initiate proceedings that could result in termination of the schools' eligibility for the GSL program and other federal student aid.

Other efforts by the Department have more than doubled the amount recovered on defaulted loans in the past three years. The Department estimates that in FY 1988 total collections, which include a program with the IRS to offset tax returns of defaulters and to work with private collection agencies, will recover some $656 million in defaulted loan payments.

Senator **Pell**. We now come to our first panel, which includes: Dr. Carol Guardo, President of Rhode Island College, representing the American Association of State Colleges and Universities; Ms. Eleanor Vreeland, President and Chief Executive Officer of the Katharine Gibbs School, representing the Association of Independent Colleges and Schools; Ms. Claire Roemer, Director of Financial Aid, Tarrant County Junior College, Fort Worth, Texas, representing the American Association of Community and Junior Colleges; and Dr. Earl Richardson, President of Morgan State University, representing the National Association for Equal Opportunity in Higher Education.

I thank the four of you very much indeed for being here. As you know, we have another panel after you, and you know the custom of the Committee, which is to limit yourselves to five minutes; at the end of four minutes, the yellow light goes on, and at five, the red one goes on and a bell rings, and then we will have some time for questions, which we want to take advantage of.

So I would suggest we start out with Dr. Guardo, a friend of mine, from my State. I welcome you here, Dr. Guardo.

STATEMENTS OF DR. CAROL J. GUARDO, PRESIDENT, RHODE ISLAND COLLEGE, PROVIDENCE, RI, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES, WASHINGTON, DC; ELEANOR P. VREELAND, PRESIDENT AND CHIEF EXECUTIVE OFFICER, KATHARINE GIBBS SCHOOLS, INC., NEW YORK, NY, ON BEHALF OF THE ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS, WASHINGTON, DC; CLAIRE M. ROEMER, STUDENT FINANCIAL AID DIRECTOR, TARRANT COUNTY JUNIOR COLLEGE, FORT WORTH, TX, ON BEHALF OF THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES AND THE ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES, WASHINGTON, DC; DR. EARL S. RICHARDSON, PRESIDENT, MORGAN STATE UNIVERSITY, BALTIMORE, MD, ON BEHALF OF THE NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION, WASHINGTON, DC

Dr. **Guardo**. Thank you, Senator Pell, Members of the Committee.

My name is Carol Guardo, and I am President of Rhode Island College. I appear before you today representing the 373 member institutions of the American Association of State Colleges and Universities.

Last month at its annual meeting, AASCU adopted a resolution addressing the issue before this Committee today, and I have included a copy of that resolution with my testimony.

You have asked me to discuss with you today the problem of student loan defaults. It is a very serious problem, one that costs the American taxpayer a significant amount of money, and one that threatens the integrity and future of the Guaranteed Student Loan Program and possibly other student aid programs as well.

Although this problem has recently generated a considerably amount of public attention, it is not a new one. It is a problem that this Committee in particular and its distinguished chairman have been focusing on for quite some time.

Yet although the problem has been with us for a while, and this Committee has taken positive steps to address it, the sheer growth in the GSL program over the past few years has resulted in a great increase in loan default costs. I want to stress that point.

Because of the growth in loan volume, loan default costs have increased. The rate of defaults in the GSL program has, however, remained relatively constant. Ninety percent of those who receive loans repay them. Of the remaining 10 percent who initially fall into the default category, about 40 percent ultimately end up repaying once strenuous collection efforts are undertaken.

Yet the fact that only 10 percent of those who borrow potentially default is no cause for celebration.

Besides growth in loan volume, another important contributing factor to the rise in default costs is the fact that reliance on loans has increased as a means of financing higher education studies, especially for low-income students. The ratio of grant aid to loan aid has shifted to loans, and loans thus have become the higher education access program.

This Committee recognized this last year when you restructured and reauthorized The Higher Education Act. You tried them to correct the imbalance that has developed between grant and loan assistance, especially for low-income students.

Yet some harsh facts stand out. Ten years ago, grant aid comprised 80 percent of the student aid package. Today, it represents 48 percent. In 1975, loans made up 17 percent of student aid. By 1980, that had risen to 40 percent, and today, loans comprise 48 percent of student aid.

If we are to continue our commitment to access to postsecondary education for all of those with the ability and the desire, and at the same time control student loan default costs, we have to reduce this growing reliance on loans and provide more grant assistance.

However, let me focus now on the specific topic before us today. I would like to comment on institutional responsibility within the GSL program, what we currently can and cannot do, and close with some suggestions for possible legislative changes that would give us a greater role to play in the program in the future.

At the present time, there are definite limits to what institutions can do in the GSL program. We don't make the loans, we don't service them, and we don't collect them. In those loan programs where there is significant institutional involvement in the making and collection of student loans, postsecondary institutions have demonstrated responsibility and responsiveness to Federal regulations. That doesn't happen in GSL because banks make the loans, and not the colleges, and banks, secondary purchasers, and collection agencies collect the loans, not the colleges. Our role in the program is limited under the GSL authorizing law. What we can do and what we are doing, you are, I am sure, already familiar with, so I'll not repeat that here.

Recently, in legislation enacted in 1986, you gave us some new responsibilities. We must now provide loan counseling to our students before borrowers leave our schools. We receive GSL loan checks directly from the bank rather than having them go directly to students, as was the case in the past. We participate in the multiple disbursement of loan checks so that students do not get an entire year's check at one time. And we can receive upon request lists of former students who are defaulters from banks and guaranty agencies, so that we can provide updated information to those entities that are responsible for loan collections.

Because these are relatively new responsibilities, we have not yet begun to appreciate their impact. But we are moving quickly to implement them, and I believe these new institutional activities will help reduce default costs.

There are additional things which we can do, and I would like to offer some examples of what they might be and urge legislative action of this kind.

We should provide all students with information on the rights and responsibilities of borrowing, including information on the consequences of defaulting on a loan.

We should require that all borrowers sign a form at or before the time they cash their loan, outlining the terms and conditions of the loan, and their rights and responsibilities.

We should be required to conduct exit interviews with all of our GSL borrowers.

Our ability to lend under the GSL program should be expanded.

These and other items are in my testimony, Mr. Chairman, so in the interest of time I will not review them for you here. They number ten, and we believe that if we were given the legislative authorities outlined in these ten items, then we could do much more to positively impact on the reduction of loan default costs.

Senator PELL. Thank you very much indeed, and we will go over those ten suggestions very carefully.

Thank you.

[The prepared statement of Mr. Guardo follows:]

TESTIMONY BY DR. CAROL J. GUARDO

PRESIDENT OF RHODE ISLAND COLLEGE

ON BEHALF OF

THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

BEFORE THE SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES
COMMITTEE ON LABOR AND HUMAN RESOURCES
U.S. SENATE

DECEMBER 11, 1987
WASHINGTON, DC

Mr. Chairman and members of this committtee:

My name is Carol Guardo, and I am President of Rhode Island College. I appear before you today representing the 373 member institutions of the American Association of State Colleges and Universities. Last month, at its annual meeting, AASCU adopted a resolution addressing the issue before this committee today, and I have included a copy of that resolution with my testimony.

You have asked me to discuss with you today the problem of student loan defaults. It's a very serious problem, one that costs the American taxpayer a significant amount of money, and one that threatens the integrity and future of the Guaranteed Student Loan program and possibly other student aid programs as well. Although this problem has recently generated a considerable amount of public attention, it is not a new problem. It's a problem that this committee in particular and its distinguished chairman have been focusing on for quite some time.

If I am not mistaken Senator Pell, you first tried to do something about loan defaults in the late seventies. You sponsored several measures that became law. One of those involved reporting the names of loan defaulters to credit bureaus. Another involved matching IRS records of federal employees with loan defaulter records.

Yet although the problem has been with us for a while, and this committee has taken positive steps to address it, the sheer growth in the GSL program over the past few years has resulted in a great increase in loan default costs. I want to stress that point. Because of the growth in loan volume, loan default costs have increased. The rate of defaults in the GSL program has remained relatively constant. 90% of those who receive loans repay them. Of the remaining 10% who initially fall into the default category, about 40% ultimately end up repaying once strenuous collection efforts are undertaken. Yet the fact that only 10% of those who borrow potentially default is no cause for celebration, even though that figure compares favorably with those of other federally subsidized loan programs. In the GSL program, we still have to do more to reduce even the 10% rate.

Besides growth in loan volume, another important contributing factor to the rise in default costs is the fact that reliance on loans has increased as a means of financing higher education studies, especially for low-income students. The ratio of grant aid to loan aid has shifted to loans. Loans have become the higher education access program.

This committee recognized this last year when you reauthorized the Higher Education Act. You tried to correct the imbalance that has developed between grant and loan assistance, especially for low-income students. You took steps to provide more grant assistance to these students, so that reliance on loans would be less necessary.

Yet, some harsh facts stand out. 10 years ago, grant aid comprised 80% of the student aid package. Today it represents 48%. In 1975, loans made up 17% of student aid. By 1980, that had risen to 40%. Today, loans comprise 48% of student aid, and it is estimated that by next year they will comprise 55%. What we have seen over the last decade is a reversal of the grant/loan ratio, with loans beginning to get the upper hand. If we are to continue our commitment to access to postsecondary education for all those with the ability and the desire, and at the same time control student loan default costs, we have to reduce this growing reliance on loans and provide more grant assistance. That is fundamental.

However, let me now focus on the specific topic before us today. I'd like to comment on institutional responsibility within the GSL program, what we currently can and cannot do, and close with some suggestions for possible legislative changes that would give us a greater role to play in the program in the future.

At the present time, there are definite limits to what institutions can do in the GSL program. We don't make loans. We don't service them. And we don't collect them. In those loan programs where there is significant institutional involvement in the making and collection of student loans, postsecondary institutions have demonstrated responsibility and responsiveness to federal regulations. Examples of this are the NDSL program, federal nursing student loans, and health profession student loans.

That doesn't happen in GSL. Banks make the loans, not colleges. And banks, secondary purchasers, and collection agencies collect the loans, not the colleges. Our role in the program is limited under the GSL authorizing law. What do we do?

* We certify eligibility, making sure that the student is enrolled and eligible for a loan.

* We keep the student's records up-to-date, to facilitate future collection efforts.

* And we monitor and report on the student's academic progress and attendance standing.

And under the recently enacted 1986 Higher Education Amendments, you have given us several new responsibilities. We now must:

* provide loan counseling to our students before borrowers leave school;

* receive GSL loan checks directly from the bank, rather than having them go directly to the student as was the case in the past;

- participate in the multiple disbursement of loan checks, so that students do not get an entire years check at one time;

- receive upon request lists of former students who are defaulters from banks and guaranty agencies, so that we can provide updated information to those entities that are responsible for loan collections.

Because these are new responsibilities, we have not yet begun to appreciate their impact. But we are moving quickly to implement them, and I believe these new institutional activities will help reduce default costs.

Are there some additional things we could do? Certainly, and we would urge this committee to give us the legislative authority to do them. Let me give you some examples.

- We should provide all students with information on the rights and responsibilities of borrowing, including information on the consequences of defaulting on a loan.

- We should require that all borrowers sign a form at or before the time they cash their loan outlining the terms and conditions of the loan, and their rights and responsibilites.

- We should be required to conduct exit interviews with all of our GSL borrowers, during which we could request such information as the borrower's next address, and other reference data that would help locate the borrower such as address of next of kin, driver's licence number, or any other useful information.

- Our ability to lend under the GSL program should be expanded.

- We should be required to withhold second semester GSL checks until the student has actually enrolled for that semester.

- We should be required to develop and review periodically a default prevention policy and plan for those aspects of the GSL program under our control.

- We should be allowed to withhold academic transcripts from borrowers who have defaulted on loans until we have received notice from the state guaranty agencies that the borrower has reentered repayment.

- We should be required to apply the same application procedure to the Supplemental Loan Program that we currently apply to the GSL program.

- We should be authorized to certify that the amount of the GSL does not exceed need as determined by each school.

- We should be able to cancel or reduce the second installment of a GSL for students who receive additional financial aid from other sources, if such additional aid provides sufficient funds to meet a student's need. A student eligible for grant assistance should have his or her need met with that source of assistance first, and not have that aid reduced because of lender convenience.

These are ten new legislative authorities you could give us. We aren't required by law to do them now. But if you did require us to do them, I believe they would contribute positively to the reduction of loan default costs. There may be other legislative changes you could make with respect to other participants in the GSL program. Certainly lenders, state guaranty agencies, and the Department of Education could do more than they are doing now. And over the course of these hearings I expect that you will receive some positive suggestions from all of them.

But in whatever legislation is finally developed, I hope you ask all of the GSL participants to do only that which they can appropriately do. Some proposals before the Congress would base participation in the GSL program on factors over which colleges have little or no control.

Institutions do not have GSL default rates, since we do not make, service, or collect loans. And since such is the case now, to base future GSL decisions on an institutional default rate basis is unfair, unrealistic, and unnecessarily punitive to future generations of students.

Mr. Chairman, I've suggested some things colleges could do to assist all of us in addressing this very real problem. There will be other suggestions. In closing, I would like to offer the assistance of AASCU to you and this committee over the next few months as you develop legislation to address this problem. We stand ready to work with you and your staffs in whatever way possible.

NAME OF COMMITTEE: Council of State Representatives

CHAIR OF COMMITTEE: President Earl Lazerson
Southern Illinois University at Edwardsville

NAME OF PRESENTER: President Alice Chandler
State University College at New Paltz (NY)

November 24, 1987 **RESOLUTION #2**

RESOLVED, That the American Association of State Colleges and Universities (AASCU) support efforts to address the growing default problem of the Guaranteed Student Loan Program (GSL); and be it further

RESOLVED, That AASCU recognize the seriousness of the problem and participate in efforts aimed at reducing the default rate; and be it further

RESOLVED, That any attempt to reduce defaults must not be at the expense of access to higher education at a time when there is greater need for sustaining equal educational opportunity; and be it further

RESOLVED, That those provisions of the Higher Education Amendments of 1986 pertinent to reducing GSL defaults must be implemented and evaluated as quickly as possible; and be it further

RESOLVED, That AASCU endorse in principle the legislative proposals being developed by the American Council on Education (ACE) and AASCU concerning GSL defaults, and continue to participate in discussions over policies aimed at reducing GSL defaults; and be it finally

RESOLVED, That AASCU support the need to reexamine student aid programs in order to determine those salient factors contributing to student loan defaults and a restructuring of the existing system to provide greater grant support thereby reducing the growing reliance on student loans by low-income and minority students.

Senator **Pell**. Ms. Vreeland, I am so glad you were able to be with us today. Welcome.

Ms. **Vreeland**. Thank you.

Mr. Chairman, Members of the Subcommittee on Education, Arts and Humanities, my name is Eleanor P. Vreeland, and I am President and Chief Executive Officer of the Katharine Gibbs Schools, Incorporated. And as Chairman of the Government Relations Committee of the Association of Independent Colleges and Schools, I appreciate the opportunity to represent AICS and Katharine Gibbs today regarding Federal loan defaults, loan access, and loan incentives.

The Association of Independent Colleges and Schools was founded in 1912 and now has a membership of over 660 diverse business schools and colleges and another 540 branch campuses. Approximately 750,000 students are enrolled in these institutions, representing a broad range of income and racial backgrounds.

I might point out that only 60 percent of the students who attend AICS schools do receive grants and loans.

The Katharine Gibbs Schools is really 11 schools situated in key cities along the Northeast business corridor from Massachusetts to Virginia. The exemplary completion rate, placement rate, and repayment record of Gibbs students are a reflection of the tradition of excellence established more than 76 years ago, when Katharine Gibbs founded her first school in Providence, Rhode Island.

The overview of the issue is a very simple one. The policy issue to be resolved by the Congress is whether changes to the Federal loan programs to reduce defaults can occur without denial of access to GSLs and ultimately a postsecondary education for many high-risk students who will serve as the source of employees for those necessary jobs which will significantly expand between now and the year 2000.

I say it is "simple" because obviously, those people must be educated in order to fulfill the jobs that this Nation will have.

Loan defaults represent a much deeper societal problem than merely the non-collection of funds borrowed for a postsecondary education. The demand for skilled and semi-skilled labor, particularly in the service area, will increase between now and the year 2000, while the number of youth entering the work force will decline.

Private career colleges and schools provide three-quarters of the postsecondary vocational training in the United States and, based on marketplace incentives, are uniquely qualified to modify curricula and to meet the training demands of the next decade.

The best predictor of whether a borrower is going to default on a loan or not is the income level of the borrower and the borrower's family.

The nature of the Federal loan program leads to defaults. The GSL program makes loans to individuals that are not creditworthy; the program is far too complex and has been changed far too often, therefore, continues confusing people.

The loan programs have evolved so that they are now programs for access, and many of the loan recipients are the same population which receives Pell Grants. For example, in my institution, the 1986 Amendments significantly led to reduced eligibility for GSLs to middle-income students. Therefore it is possible for our default rate to increase.

Senator Pell, we thank you for the foresight that you have had in developing the Pell Program and sadly note the decline in the program due to decreased funds. We hope that some of those funds may be indeed replaced.

The data used to make judgments regarding defaults is uniformly inaccurate or misrepresented, and the loan data collection system needs substantial overhaul.

Education institutions just learned of their default rates, and yet they are still precluded from participating fully in the collection of loans. Perhaps of more importance is the fact that many institutions still cannot get data on who has defaulted. One of our sister schools tried recently to get data from the Department of Education, and after speaking to multiple people within the Department and being sent to various other agencies, has come away frustrated, without getting one example of the data that was produced to discuss his default rate.

AICS and private career education have demonstrated leadership in the default reduction area. The default management initiative developed by AICS and the National Association of Trade and Technical Schools is the most comprehensive default management manual and program ever developed. We have a copy of that with us here today, and we presented it last week at a legislative briefing. We think it is a good document and many of the schools and other sectors have asked us to share this information with them, and we are prepared to do that.

AICS has also taken leadership in developing, in conjunction with the American College Testing Service, a comprehensive one-hour examination called CPAT, which is used in the admissions process and identifies remedial training needs or special proficiencies for the entering student.

Twenty-six changes were recently made to the Higher Education Act which will assist in reducing high default rates. These went into effect July 1, 1987.

Tightening of program due diligence, reduction in yield to lenders/holders, increased administrative requirements, and discussions of limitation/suspension/termination procedures, has led to a tightening of loan access.

Mr. Chairman, I appreciate the time given to us this morning. We have a list of 25 recommendations which are attached to our paper, and we will be happy to answer any questions.

Senator PELL. Thank you very much indeed.

[The prepared statement of Ms. Vreeland follows:]

AICS
Association of Independent Colleges and Schools
The National Center for Higher Education One Dupont Circle, Suite 350 Washington, D.C. 20036 (202) 659-2460

Statement By

Eleanor P. Vreeland
President and Chief Executive Officer
Katharine Gibbs Schools, Inc.
New York, NY

and

Chairman, AICS Government Relations Committee

Representing

The Association of Independent Colleges and Schools
-AICS-

Before The

Subcommittee on Education, Arts & Humanities
Committee on Labor & Human Resources
Unites States Senate

Regarding

Loan Defaults, Loan Access and Loan Incentives

Accompanied By:

Dr. Jerry W. Miller
AICS President

December 11, 1987

Celebrating our Diamond Jubilee and
over 150 years of private career education
75 YEARS

Mr. Chairman. Members of the Subcommittee on Education, Arts & Humanities. My name is Eleanor P. Vreeland and I am President and Chief Executive Officer of the Katharine Gibbs School, Inc., New York, New York. As Chairman of the Government Relations Committee of the Association of Independent Colleges and Schools (AICS), I appreciate the opportunity to represent AICS and Katharine Gibbs today regarding federal loan defaults, loan access, and loan incentives. Accompanying me is Dr. Jerry W. Miller, AICS President.

INTRODUCTION

Association of Independent Colleges and Schools (AICS)

The Association of Independent Colleges and Schools was founded in 1912 and now has a membership of over 660 diverse business schools and colleges and another 540 branch campuses. Its institutions range from business or specialized schools offering training of up to one year in length, to junior and senior colleges offering recognized associate and baccalaureate degrees.

Approximately 750,000 students are enrolled in these institutions, representing a broad range of income and racial backgrounds. While it is true that many students attending AICS institutions are high risk, it is also true that a significant number are not. A more detailed overview of AICS, its member institutions, their students and participation in federal student aid is attached. (Attachment A)

The Katharine Gibbs School

The Katharine Gibbs School is really 11 schools situated in key cities along the northeast business corridor, including Providence, RI; Boston, MA; New York, NY; North Bethesda, MD; Huntington, NY; Norwalk, CT; Montclair, NJ; Philadelphia, PA; Valley Forge, PA; Tyson's Corner, VA; and Piscataway, NJ. Six Gibbs schools award an associates degree to graduates at their two-year secretarial arts program. A total of 3,782 students are enrolled this year in programs eligible for title IV funding.

The exemplary completion rate, placement rate, and repayment record of Gibbs students is a reflection of the tradition of excellence established more than 76 years ago when Katharine Gibbs founded her first school in Providence, Rhode Island. Our completion and placement rates have consistently been over 90 percent and our default rates average below 8.0 percent. Katharine Gibbs is but one example of many successful AICS institutions.

OVERVIEW OF ISSUE

The policy issue to be resolved by the Congress is whether changes to the federal loan programs to reduce defaults can occur with denial of access to GSLs, and ultimately a postsecondary education, for many high-risk students who will serve as the source of employees for those necessary jobs which will significantly expand between now and the year 2000.

Members of Congress and all of us sitting at this table today believe that the default problem is a profound one and that some modifications to the GSL program should be made in order to reduce the default levels. I will even give Secretary Bennett the benefit the default levels. I will even give Secretary Bennett the benefit of the doubt that the Department of Education's proposed loan default strategy is one intended to reduce defaults where possible and not to carry out ED's consistent policy objective of denying title IV eligibility to students who do not have a high school diploma or GED.

However, we firmly disagree with Secretary Bennett's statement, made at the announcement of his new regulations on November 3, that the regulations "won't close (all) proprietary schools." "It will close some (that) deserve to be eliminated based on their irresponsible treatment of students." (underlines added.) This type of accusation and hyperbole, leads to an environment of mass hysteria on the part of the media, and sometimes policymakers and will never lead to good policy.

Even accepting the concept that there is such a thing as an "institutional default rate," it is clear to me that many excellent institutions have default rates currently exceeding 20 percent which are not "irresponsible."

This Subcommittee and the Congress must look carefully at all of the reasons why default rates in this program are considered high and ask whether well-intended changes to the program will ultimately lead to exclusion from postsecondary education those students who were intended to be the primary beneficiaries of federal student aid. A careful review of the facts will demonstrate that: education institutions have very little ability to prevent the defaults by borrowers who attend their institutions;

that social, economic, and cultural factors play a significant role in predicting default; and that much of the default subsidy paid by the federal government is an appropriate investment by the Congress in providing an opportunity to high-risk students to receive necessary training and break the cycle of poverty and welfare dependency that otherwise would occur.

OBSERVATIONS ON THE EMPLOYMENT AND DEMOGRAPHIC CLIMATE

Loan defaults represent a much deeper societal problem than merely the noncollection of funds borrowed for a postsecondary education.

Various studies on employment and demographic projections indicate that unemployment, school dropouts, teenage pregnancies, and poverty in general will have a tremendous impact on future potential employees in the workforce. (Attachment B) Postsecondary institutions are burdened with the expectation that they should remediate all of the failures of society and of the elementary and secondary school system.

Postsecondary institutions serving large high-risk populations will undoubtedly continue to have high default rates and low retention rates. Congress needs to ask itself whether it is worth the cost of providing educational opportunity to these high-risk students with the knowledge that many of them will not complete their postsecondary training.

A recent *Chronicle of Higher Education* article discussed the difficulties in educating young black males, noting that from 1980-1984, the number of black men enrolled in college dropped by 25,300 to 368,089. Also, fewer black men who enter college leave with bachelors degrees, dropping 10.2 percent from 1976 to 1984. The drop in enrollment of blacks in college is more significant when you consider the number of black 18-24 year-olds with school diplomas increased from 2.7 million in 1980 to 2.8 million in 1985.

A new Census Bureau report says that whites are twice as likely as blacks to finish college even though there is only a small gap between the two groups in high school graduation rates. The noncompletion differences may reflect both societal conditions and inadequate preparation at the secondary school level.

The demand for skilled and semi-skilled labor, particularly in the service area, will increase between now and the year 2000 while the number of youth entering the workforce will decline.

The workforce projections for the next 14 years show that the number of youth entering the workforce will decrease as the number of minorities, as a percentage of the youth workforce, increases. (Attachment D) The number of high school dropouts will increase, rising above the one million children who now drop out of school each year.

The nature of work will change, requiring a higher level of skills. Of the 20 million new jobs created during the late 70's and early 80's, only five percent were in manufacturing while 90 percent were in service and information industries. Nine out of 10 new jobs created between 1984 and 1995 will be in the service sector.

Future employment opportunities will be primarily in careers for which AICS institutions provide training, such as secretarial, paralegal, and bookkeeping. (Attachment E)

Of the 20 most popular high-growth occupations and the 10 most popular high-tech occupations, nearly all are trained by private career colleges and schools, according to a recent U.S. Equal Opportunity Commission study. Thus, arbitrary efforts to reduce default rates may reduce access for loans to enable students to obtain the training needed in the year 2000.

Private career colleges and schools (PCCSs) provide three-quarters of the postsecondary vocational training in the United States and, based on marketplace incentives, are uniquely qualified to modify curricula to meet the training demands of the next decade.

PCCSs respond rapidly to new career fields because key investment decisions and curricula changes can be decided by the owner. Thus, school owners/administrators use demand for services to determine which programs should be maintained or eliminated.

Most students attend PCCSs because they want to be trained quickly so they can obtain a job quickly. Because student enrollment is almost the only source of income for most schools, the retention of the student is extremely important.

DEFAULT CHARACTERIZATION ISSUES AND ACCESS PROBLEMS

The best predictor of whether a borrower is going to default on a loan or not is the income level of the borrower and the borrower's family.

The key common variable with institutions having high default rates is that they serve high-risk (low-income and educationally deprived) student populations. PCCS which serve middle and upper income populations tend to have much lower default rates, just as any other type of institution serving that population.

Just as many private career colleges and schools have both high defaults rates and low default rates, four-year institutions and community colleges also have high default rates and low default rates. For example, four-year institutions serving high-risk students have default rates in excess of 60 percent. Community colleges, which serve student body populations similar to private career colleges and schools, have aggregate default rates very similar to the PCCS.

The nature of the federal loan programs leads to defaults.

Notwithstanding the many successes of the program, there are many built-in problems which will lead to a default rate which cannot be reduced further without creating severe loan access problems and discrimination against high-risk students and institutions which serve those students. The GSL program has provided a tremendous amount of capital for loans from private sources to enable students to obtain a postsecondary education. No other program leverages as much bang for the buck in providing financial assistance.

Bankers generally make commercial loans to "credit worthy" individuals. Credit worthy is defined by the perspective borrower's ability to repay the loan from either future income, which is reasonably assured, or from the conversion of collateral assets, such as real estate or stocks, to cash. Bankers loan portfolios show a loss rate of from one-half of one percent to two percent, depending on the type of loan. Once a loan is in default, a program of collection is initiated. This involves notice, default judgment, garnishing of wages, and results -- at a cost of approximately 30 percent of the amount collected -- and the recovery of 50 percent of the defaulted debt. The bankers motive in making loans is to earn interest and have the loan repaid so that they can take the principal and loan it out again.

The GSL program makes loans to individuals that are not credit worthy. The prospective borrowers must prove that they are not credit worthy (i.e., do not have the resources to pay back the loan) before the loan will be approved. There is no economic history which gives any guidelines as to what default rate such a portfolio might experience, and so there is no basis for stating that a default ratio is "too high" or "too low." Thus, there is an unavoidable conflict between the government's purpose in making GSL loans and the government's desire to avoid loan losses. This conflict makes solutions difficult since the solution may eliminate those for whom the program is designed.

If a banker finds that his losses are unacceptable, he "tightens his credit criteria" and beefs up his collection efforts. Is it acceptable to tighten GSL credit criteria or require loan co-makers? Could, or should the government try to create a GSL loan application form which will define someone who is not worthy of credit, but is also not too, too poor? Put another way, we would have to prove that the borrower is poor, but not too poor, and he will receive a loan.

The program is far too complex and includes an array of participants and requirements which confuse the matter for the student borrower. Simple questions such as who is the owner of the loan are not easily answered because many loans are sold several times and may ultimately be serviced by a third party. Any legislative or regulatory changes on the margin will only slightly reduce the default rate, if at all, and grossly increase the complexity of the program.

The program statute and regulations are changed far too frequently. In the past 11 years, the Congress has changed the GSL program at least ten times. These changes are not necessarily minor and lead to considerable confusion. During the past three years alone, no less than five pieces of legislation have affected the administration of the GSL program. Add to this rather new due diligence requirements for lenders and guarantors and it is no wonder that parents, students, lenders, guarantors, and education institutions are totally confused as how to administer the program.

Today we sit here discussing additional changes to the program, which, though well-intended, may arbitrarily lead to even more confusion. Often, in our haste to solve the problem we create new and even greater problems.

The loan programs have evolved so that now they are programs for access and many of the loan recipients are the same population which receives Pell Grants.

This runs counter to the original intent of the programs. The new "need" requirements established by the 1986 amendments further restricts access for middle- and upper-income borrowers. This will undoubtedly have the effect of increasing loan defaults at almost all institutions and will likely increase the public outcry against those who fail to repay their loans. Unfortunately, we seem to have no other alternative.

As you know, even as late as 1980, loans made up only 17 percent of a student's aid package. Today, loans make up almost half of the average student's aid package and grants have decreased from 80 to 48 percent of the aid package in those same years.

Freshman participation in the Pell Grant program has declined by nearly half since 1980, according to the 21st annual survey of entering freshmen conducted jointly by UCLA and the American Council on Education. Only 16.9 percent of the freshman entering college in Fall 1986 reported receiving Pell Grants, compared to 19.9 percent in 1985 and 31.5 percent in 1980. In contrast, one freshman in four (25.4 percent) has a Guaranteed Student Loan this year, up from 23.0 percent last year and 20.9 percent in 1980.

Students, however economically deprived, have no choice but to borrow. That unfortunate necessity will lead to one or two results -- higher default rates or unwillingness to borrow to pay for the education. Both of them are, of course, considered to be unacceptable. I contend that the default subsidy cost, at some level, is worth the public policy objective of giving students a chance to succeed as well as to fail.

The data used to make judgments regarding defaults is uniformly inaccurate or misrepresented and the loan data collection system needs substantial overhaul.

The Department of Education, policymakers and researchers generally cite gross default statistics. These statistics greatly overrepresent the true default "problem." For example, in fiscal 1987, approximately $430 million of defaulted loans were collected after the gross default statistics were established.

In fact, the net default rate is approximately one-third below the gross default rate. On average then, an institution with a 25 percent gross default rate will have a net default rate just over 16 1/3 percent. Further, calculation of gross default rate includes the entire principal of the loan and does not include any loan principal collected prior to the payment of reinsurance or collected after the insurance is paid, including through the IRS tax refund offset program.

Only recently have guarantors in most jurisdictions segregated default date by institution. Moreover, that data has not been generally available to the individual institutions even though those institutions have asked for the data. The recent studies by the Federal Funds Information for States and by the U.S. Department of Education breaks down defaults by institution for the entire United States. However, this data seriously overstates the default problem by including institutions which have been out of business for years and by not including in the default calculations any collections made after the gross default figure is established.

There is no universally accepted or used definition of "default." The recent about-face by the Department of Education to propose a default calculation based on the number of borrowers in default flies in the face of historical precedent. Almost without exception, federal student loan programs have calculated default based on loan volume. Only recently did one major guarantor begin calculating default rate based on the number of loans made. Ironically, on December 1, 1987, the Department of Education just issued final regulations on the Perkins Loan program which included a default definition using matured loan volume. This is but another example of inconsistent policymaking by the Department which will ultimately lead to more confusion for those who have to administer the federal student loan programs.

The default rate calculation in the GSLP is significantly different that other commercial lending default rate calculations. Commercial lenders generally write off loans that they have not been able to collect after one year. Historically, the GSL program statistics include all loans made and all loans defaulted on since the beginning of the program in 1965. Therefore, a school which makes a major effort to work with its lender and guarantor to reduce its "default rate" is burdened by the default experience of student borrowers who fail to repay their loans over a decade ago.

The gross default rate discussed by the Department also does not include substantial collections made after the gross rate is calculated, something which is done uniformly with commercial loans.

Education institutions just learned of their default rates and yet they are still precluded from participating fully in the collection of the loans. In Michigan, for example, an Assistant Attorney General opinion indicates that education institutions are not parties to the loan contract and therefore may not purchase loans which have defaulted.

Perhaps of more importance is the fact that many institutions still cannot get data on who has defaulted. Efforts to obtain this information from the Department of Education and from guaranty agencies as a result of the recent increased interest has been for naught in many instances even though ED and guaranty agencies are going to take action based on the default data.

In the 1986 amendments, Congress contemplated a more efficient system for data collection by moving towards a national data system for GSLs and other federal loans. Any action to exclude institutions or other GSL participants based on data which is incomplete, inaccurate and not standardized is patently unfair and makes cynics of even the most hardened supporters of federal student aid. Until standardized reporting requirements and data items are established, the use of default rates of any kind for policymaking would be inappropriate. Even the Department of Education's own Inspector General noted that the loan data dump was "inaccurate and inappropriate for policymaking."

AICS and private career education have demonstrated leadership in the default reduction area.

The default management initiative developed by AICS and the National Association of Trade and Technical Schools, in conjunction with other associations representing private career schools, is the most comprehensive default management manual and program ever developed. Representatives from postsecondary institutions will be trained at over 50 seminars in 32 states in the next six months. The manual will provide detailed guidance to education institutions on what they can and should do to help reduce defaults.

AICS recommended to the Congress during the reauthorization of the Higher Education Act that many actions be taken to reduce defaults, such as multiple disbursement, provision of information on defaults to institutions, increased counseling. Some schools have gone beyond the requirements of the law and have restricted loans to students where possible and permissible and have urged smaller disbursements initially to students to ensure that, if they do drop out prior to the completion of the program, the size of the defaulted loan principal will be smaller. Servicers controlled by individuals who also are active in the ownership and management of private career schools have established delinquency and default notification procedures to institutions.

AICS has also taken leadership in developing, in conjunction with the American College Testing (ACT) service, a comprehensive one-hour examination called CPAt which is used in the admissions process and identifies remedial training needs or special proficiencies for the entering student. To date, over 245 AICS institutions use the CPAt examination even though it is only five months old. We firmly believe that this is the best admissions examination for private career students that is available and believe that it, in conjunction with new ability to benefit requirements, will greatly improve remediation and training of high-risk students.

Twenty-six changes were recently made to the Higher Education Act which will assist in reducing high default rates.

In the 1986 education amendments, Congress made 26 changes to the GSL program whose objective was to reduce defaults. Additionally, the requirement to multiply disburse loans will undoubtedly have a positive effect on reducing defaults.

Most of these legislative changes went into effect on July 1, 1987 and have not had sufficient time to demonstrate an impact on default rates. Further, the Department of Education, in conjunction with the Internal Revenue Service, has been very successful in its efforts to collect defaulted loans through a tax refund offset program.

Tightening of program due diligence, reduction in yield to lenders/holders, increased administrative requirements, and discussions of limitation/suspension/termination procedures has led to a tightening of loan access in the program.

In recent weeks, it has become clear that many lenders were reconsidering their participation in the GSL program. Chase Manhattan Bank has, at least temporarily, pulled out of the vocational school lending market, Florida Federal Savings & Loan

Association has stopped lending to students attending education institutions with high default rates, Indiana National Bank has dropped out of the vocational school market, and Marine Midland Bank has cut back on its marketing and lending activities. This may be just the tip of the iceberg since three of the institutions are some of the largest lenders in the GSL program. Even those lenders which continue to lend to vocational school students balance their portfolios as necessary to ensure an appropriate yield.

Some financial changes must be made in the GSL incentives system to recognize the relatively-high administrative costs incurred in administering small principal loans.

There is no doubt that loans made to students enrolled in short-term programs are relatively more costly to administer. This occurs because the yield on the loans is in proportion to the size of the loan, yet the administrative costs are the same irrespective of the size of the loan. Also, there is little or no opportunity for serialization, meaning that the borrowers will be unlikely to take out another loan in the future.

Thus, secondary markets find vocational school loans relatively unattractive when they consider purchasing them from the original lender. Without adequate secondary markets, it is unlikely that lenders will continue to provide unrestrained loan access to PCCS students.

The lender of last resort provisions in the law need to be strengthened in order to ensure complete access to loans should lenders decide not to make or secondary markets decide not to purchase loans to students enrolled in short-term postsecondary programs.

The law provides that each guarantor in the GLS program will act as the lender of last resort or will ensure that there is a lender of last resort in the jurisdiction in which they are the primary guarantor. While this is theoretically possible, it ignores several important points about lender of last resort operations.

First, the lender of last resort process has never been really tested and it is difficult to feel assured that it will be there when necessary. Second, given the restrictions on raising capital in the bond markets, it may be difficult for agencies to provide the funds necessary to support a lender of last resort system. Third, even if funds are available, the process of determining that a borrower cannot obtain a loan from a bona fide lender will undoubtedly take many weeks. At PCCSs, slowness in processing GSLs often leads to the inability of the student to subsist without the funds and will result in an early drop-out or non-start.

Loan collections by the IRS eventually will be the best process to reduce defaults.

Ultimately, Congress should authorize loan collections, particularly defaulted loans, through the federal tax system. The success of the IRS/ED tax refund offset program demonstrates that participation by IRS in collections and the respect, or at least fear, of IRS action is quite helpful in stimulating loan repayment.

An administratively simple and effective system can be established; we would like to outline such a system.

Taxable income (TI) is probably the single best indicator of the ability of a borrower to repay a loan. The 1986 tax reform law reduced the number of available tax shelters and deductions, increased the alternate minimum tax, and reduced passive losses which can offset current income. Thus, the TI under the new law reflects available discretionary income probably better than at any time in the last several decades. Also, the personal exemption has increased to reflect more appropriately the cost to support each dependent. Plus, all taxpayers must calculate their TI, whether they use a short or long form.

It would appear reasonably simple to calculate an annual loan repayment based on TI or projected TI through the tax system. The number of tax exemptions claimed could be modified, based on look-up tables, to ensure proper deductions to satisfy all loan repayments in addition to the normal tax payment.

The IRS collection could be a pilot program applied initially to those loans on which the federal government has paid reinsurance and, therefore, is the owner of the loan. In essence, this would be an expansion of the current tax refund offset program.

If the pilot program is successful, it then could be expanded to loans for which the holder (lender or secondary market) seeks collection through the process. An administrative fee could be paid by the owner of the loan to cover the costs of collection.

CONCLUSION AND RECOMMENDATIONS

Defaults in the GSL program are a function of many factors--socio-economic, consumer information, recruitment/admissions/educational, and collections procedures. PCCSs, even though very limited in what they can do to reduce the default rate, have been leaders in the effort to educate borrowers and take what action is legally permissible to ensure collection of the loans.

Major problems still exist. Schools are unable to obtain the names of defaulters, data is inaccurate and non-standardized, the definition of a "default" remains confused, and schools are legally handicapped in assisting in the collections process.

Decisions to be made regarding default prevention will undoubtedly have significant social implications and determine, to some extent, access to postsecondary education for a large number of high-risk students. These students are generally the same ones who need to be trained to meet the job needs between now and the 21st century. PCCSs provide training in the very areas that demonstrate increases in the next 12 years. To withhold arbitrarily program eligibility for those institutions or those students will hamper efforts by the U.S. to have a skilled workforce in order to compete with other industrialized countries.

Congress must decide that the societal costs, including payment on defaulted loans, are worth the effort so that high-risk students will have an opportunity to succeed or fail. The alternative is even greater governmental costs due to welfare dependency and possible incarceration.

RECOMMENDATIONS

- Require the ED to submit to Congress by December 31, 1988 a report on the effectiveness of the changes made to the Act by the 1986 Amendments.
- Require the Department of Education to study and report on the propensity of borrowers to default based on income levels.
- Require that consideration be given, in the calculation of the institution's net default rate, to the characteristics of the student body population and the historical propensity of that population to default.
- Credit guarantors for serving high-risk populations, those most likely to default, in determining the default trigger for purposes of federal reinsurance.
- Establish a common definition for a "default" and require that that definition be used by ED and participants in the program for all calculations and actions.
- Immediately establish a national loan data system which collects loan data from guarantors/lenders/servicers.
- Require all guarantors and lenders/holders to report data based on standardized definitions and forms.
- Require all default data and rates be calculated based on net loan volume, i.e, include all payments, collections and offsets against the loan principal received by the lender, guarantor or ED.
- Require that any presentation by the Department of Education of default rates or costs, particularly in comparing different year data, use consistent definitions and calculations.
- Require lenders and servicers to send a copy of the first delinquency notice and final demand letter to the education institution. These rules will include increased contact with the borrower during in-school and grace periods and more frequent collection attempts.
- Require lenders to notify schools of any sale of the GSL to a secondary market.
- Require guarantors to provide delinquency lists to institutions and require institutions to comment on the accuracy of the lists prior to claims being filed by the guarantor.

- Require guarantors to provide pre-claim assistance on any institution with a net default rate of 25% or higher.
- Maintain additional information on borrowers, including family and personal references. The institution would also be required to recheck these references at the time of the second disbursement.
- Enhance borrower counselling by institutions at the time of loan origination.
- Prohibit the making of GSLs for more than the amount requested by the student and certified by the institution
- Prohibit the disbursement of the borrower's first GSL for an academic program until one month of classes are completed or one-fourth of the program, whichever is shorter.
- Limit the number of GSLs to two in a calendar year, where the borrower is otherwise eligible.
- Permit education institutions to purchase defaulted loans from the federal government or lenders/holders/guarantors in order to reduce the institution's default rate.
- Require that any LS&T action taken against a financial or education institution be based upon default data and experience of not more than the average of the previous three years.
- Require the Department of Education, in consultation with the postsecondary education community, develop standards for LS&T actions.
- Require that any LS&T action taken against an institution be based on non-discriminatory standards, including prohibitions against LS&T actions based on type or control of institution.
- Extend the statutory authority of ED and the IRS to offset tax refunds in order to collect outstanding defaulted federal loans.
- Require, through IRS notification and authorization, the collection of defaulted loans through the normal federal tax system.
- Require that ED conduct a study of the net subsidy cost of loans and effective interest rate paid by students enrolled in programs of differing lengths based on anticipated default experience for those students.

Attachment A

ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

The Association of Independent Colleges and Schools (AICS) was founded in 1912 and currently has a membership of 660 diverse business schools and another 540 branch campuses. Its institutions range from business or specialized schools offering training of up to one year in length to junior and senior colleges offering recognized associate, baccalaureate, and master's degrees.

Approximately 750,000 students enroll in these institutions each year. These students come from a broad range of economic and racial backgrounds.

Over 90 percent of AICS-accredited institutions are taxpaying business corporations; all of the institutions are non-public. In common with all non-public institutions, they are either entirely or primarily tuition-dependent for operating revenues.

AICS member institutions are accredited by the Accrediting Commission of the Association of Independent Colleges and Schools. Since 1953, the AICS Accrediting Commission (formerly known as the Accrediting Commission for Business Schools) has engaged in the evaluation and accreditation of private career schools and colleges. In 1956, the Accrediting Commission was officially designated by the U.S. Commissioner of Education as a nationally recognized accrediting agency.

ATTACHMENT B

OBSERVATIONS ON THE EMPLOYMENT AND DEMOGRAPHIC CLIMATE

The following facts, extracted from various studies, are truly enlightening when one considers the prospect of dealing with a whole generation of educationally and economically disadvantaged students. The education system at all levels has become or is expected to be the mechanism by which we solve all of society's problems. Teenage pregnancy, AIDS, drugs, and other problems are symptomatic of a society which currently is incapable of resolving its own problems.

- Youth unemployment rates are triple the overall unemployment rate.
- 25% of all young black males have never held a job.
- 1 out of every 4 ninth graders, over 1 million, will drop out of school each year. In some cities, 50% will drop out before graduation.
- Each year's dropouts cost Americans $240 billion in lost earnings and foregone taxes over their lifetimes.
- Every $1 spent on early prevention and intervention can save $4.75 in the costs of remedial education, welfare, and crime farther down the road.
- Young workers will drop from 30% to 16% of the workforce between 1985 and 2000.
- 50% of all black females are pregnant by age 20.
- 80% of all colleges and universities now provide remedial courses for their students.
- 1 child in 5 lives in poverty. Children in poverty are one-third less likely to graduate from high school.
- About 20 percent of all children in America live below the poverty line. Among Hispanic children, the figure has climbed to 40 percent and among black children, to 43 percent.

- Children are about 40 percent of the poor in the United States.
- More than 10 percent of children live with physical or emotional handicaps.
- More than 13 percent of 18- and 19-year old women in this country have children. The U.S. teenage birthrate is virtually the highest of any western nation.
- Sixty percent of today's three-year-olds will be raised by a single parent by the time they turn 18. More than half of these children will live in poverty.

At the postsecondary level, education institutions are expected to remediate all the failures of society and the elementary and secondary school system. Private career colleges and schools, community colleges, and historically Black institutions shoulder the greatest burden in that remediation.

It would be naive to think that those institutions serving high-risk populations would not have greater problems, including default, to deal with than institutions serving middle- and upper-income families.

In reviewing high school graduation statistics alone, you cannot help but come to the conclusion that students who "did not succeed" at the secondary level would have difficulty succeeding at the postsecondary level. I sometimes find it amazing myself that as many non-high school graduates complete their postsecondary education as do. Our society cannot afford to follow recommendations such as Secretary Bennett's that these students be given no opportunity should be given to them to upgrade their basic skills and eventually obtain occupational skills which prepare them for at least entry level jobs.

ATTACHMENT C

WORKFORCE PROJECTIONS

The workforce projections for the next fourteen years show that the number of youth entering the workforce will decrease as the number of minorities, as a percentage of the youth workforce, increases. Between now and 1995, the number of 16-24-year-old participants will decline. While there will be some increase around the turn of the century as the children of "baby boomers" mature, this will slacken a few years later. From 1982 to 1995, the black labor force will grow at almost twice the white rate.

The number of high school drop-outs will increase, rising above the one million children who now drop out of school each year. One out of every four ninth graders will not graduate from high school and the renewed drive for excellence in public education is expected to increase the number of drop-outs if special attention is not paid to them.

Youth unemployment will increase even though the absolute numbers of young people are on the decline. This is largely attributed to continued ineffective vocational counselling and job placement and the lack of basic literacy skills of youth, especially minorities. In particular, black male teenagers with work experience are expected to continue to decline in number.

Today, 23 million adults are considered functionally illiterate, and these numbers are expected to worsen due to an increase of minority youth. Teenage pregnancy will become more common than ever. White teen pregnancy rates are soaring and nearly half of all black females are pregnant by age 20. Half of these teenage mothers never complete high school.

The incidence of female-headed households will continue to increase contributing significantly to rapid increases in the population on welfare, particularly among minorities. From 1960 to 1983, the percentage of black households headed by women increased from 29 to 45 percent.

Women will account for two-thirds of the labor force growth during the 1980's and 1990's, resulting in special problems such as the need for child care. Two working-parent families will become more common, increasing the demand for child care during working hours.

Over 90 of those who will be working in 1990 and 75 percent of those who will be working in the year 2000 are already in the workforce. The population 55 and over will increase and workers with critical technical skills will be retiring at an increasingly rapid rate. For example, the average age of the nation's 300,000 machinists is 58, yet industry is training only one-fourth of the skilled machinists needed each year.

An estimated 1.5 million workers are already permanently displaced, their skills obsolete due to a continuing shift from manufacturing to high technology and service industries, and to internal competition. Illegal immigration will be an increasingly significant factor in the competition for entry-level jobs.

The changing workforce will have tremendous implications for the economy and for schools training students to enter the workforce. Of the 20 million new jobs created during the late 70's and early 80's, only five percent were in manufacturing while 90 percent were in service and information industries. By the end of the century, an estimated 5-15 million manufacturing jobs will be restructured and an equal number of service jobs will probably become obsolete. Nine out of ten new jobs created between 1984 and 1995 will be in the service sector.

The nature of work will change, requiring a higher level of skills. By 1990, an estimated 75 percent of the jobs will require some education or technical training beyond high school. The number of jobs requiring college degrees is not expected to change significantly. Computer skills will comprise only a small part of total skill requirements, but basic academic skills, problem solving, and interpersonal skills will be increasingly important.

More jobs will be decentralized, allowing computer terminals to give instant access in communications from distant locations. There will be fewer nature career ladders and new technology will make it increasingly feasible to separate clerical and service workers from technical and professional workers. Importantly, it will be more difficult to work up the ranks through informal on-the-job training, therefore, more formalized training may be necessary. Jobs that rely on computer-based information will offer greater mobility for workers of crossed industries.

Smaller companies are expected to contribute substantially to new job opportunities. These smaller employers often lack the resources for formal training programs compared to larger employers. For example, 200-300 large companies account for over half of all formalized private sector training.

Low skilled jobs associated with manufacturing will be moving to the suburbs away from their traditional location in central cities. This will force unskilled workers in the cities to have greater difficulty reaching their sources of employment. The 1990's will see an unusually large concentration of prime-age workers (25-44) leading to an intense competition for high-level jobs and greater interest in lateral job opportunities.

The large numbers of prime-age female workers in the workforce will require increased child care facilities, new or more flexible benefit packages, and greater flexibility in working hours.

While small businesses can be expected to account for the majority of new jobs, it is particularly difficult for them to be established in predominantly minority, depressed, or center city areas because the lack of investment capital will stymie growth. Companies will find that basic skill deficiencies of employees will add to their costs due to greater remediation expenses and lower productivity, higher supervisory time and poorer product quality.

Other relevant factors to look at regarding the United States' ability to prepare productive workers include the following: basic public data that matches available jobs with available workers is incomplete; public sector training facilities and equipment are often obsolete and worn out; the current labor force is more highly educated than ever before; and the number of manufacturing jobs increased by almost three million in the last 25 years.

Employers already spend an estimated $30 billion on formal job training and retraining. One in every eight working Americans receives at least one formal training course each year. This fact represents a challenge and a tremendous opportunity for those educational institutions who want to work with business in training its employees. Merged with that opportunity is the fact that the American economy is expected to grow over the next 10-15 years. The Bureau of Labor Statistics indicates that about 16 million new jobs will be created between 1984 and 1995 and that the labor force is expected to increase by 15 million. While the U.S. is not facing a labor surplus or a labor shortage, the workforce will not be adequately prepared to perform newly-created jobs without a more concerted effort by all the participants in the training area.

Occupations with the highest rate of expected increase over the next ten years include paralegal personnel, secretaries, computer programmers, systems analysts, medical assistants, data processing equipment repairers, electrical engineers, electrical technicians, computer operators, peripheral EDP equipment operators, travel agents, physical therapists, and physicians' assistants. The majority of these careers demand training but not a college degree. More detailed statistics on America's future job needs is attached.

According to a recent U.S. Equal Employment Opportunity Commission study, of the twenty most popular high-growth occupations, over 11 million new jobs will be created in these twenty occupations by 1990. For example, the five most popular high-growth occupations include blue collar worker supervisors, secretaries, helper in the trades, truck drivers, and automotive mechanics. Between 1978 and 1990, the demand for secretaries increased over 21 percent. Food preparation and service workers, nurses aides and orderlies, and professional nurses all increased by over 50 percent during that same period. Almost all of the highest growth occupations projected for the coming decade are provided training by private career colleges and schools.

Table 1

U.S. Totals: Ranked High Growth Occupations Projected Growth for 1990

1980 Total Civilian Work Force	1980 Total High Growth	1980 High Growth % Total Work Force	1990 Total High Growth Projection	1990 High Growth Net Gain
104,449,817	41,504,050	39.7%	52,796,577	11,292,527

By Ranked Occupation

Occupation	1980 Total	% Change 1978-1990	1990 Projection	Net Gain
Blue-Collar Worker Supervisors	4,825,429	17.36	5,663,123	837,694
Secretaries	3,999,222	21.03	4,840,258	841,036
Helpers in the Trades	3,537,848	25.04	4,423,725	885,877
Truck Drivers	3,333,783	26.16	4,205,901	872,118
Automotive Mechanics	3,200,945	24.25	3,977,174	776,844
Janitors and Sextons	2,803,715	25.96	3,531,559	727,844
Sales Clerks	2,468,330	21.32	2,994,578	526,248
Elementary School Teachers	2,319,370	21.37	2,815,019	495,649
Bookkeepers, Hand	1,895,473	23.69	2,344,511	449,038
Cashiers	1,875,840	36.35	2,557,708	681,868
General Clerks, Office	1,736,613	23.35	2,142,112	405,449
Typists	1,550,760	26.40	1,960,161	409,401
Waiters and Waitresses	1,506,093	34.56	2.026,599	520,506
Nurse's Aides and Orderlies	1,378,118	54.56	2,130,019	751,901
Nurses, Professional	1,304,850	50.28	1,960,929	656,079
Kitchen Helpers	1,114,900	38.98	1,549,488	434,588
Accountants & Auditors	1,012,857	32.72	1,344,264	331,407
Guards & Doorkeepers	992,763	35.52	1,345,392	352,629
Licensed Practical Nurses	435,176	43.89	626,175	190,999
Food Preparation & Service Workers	211,965	68.84	357,882	145,917
Totals:	41,504,050		52,796,577	11.292,527

Source: Projections for 1990 are from: Max L. Carey, "Occupational Employment Growth through 1990," *Monthly Labor Review* 104 (August 1981), pp. 49-53. 1980 totals for the occupations are from the U.S. Department of Commerce, Bureau of the Census.

High Growth Occupations

Civilian Labor Force

The 20 High Growth occupations designated by Project 2000 composed almost 40 percent of the U.S. civilian labor force in 1980: more than 41 million workers. These occupations, as an aggregate, are expected to create more than 11 million new jobs by 1990. This increase will bring the total number working in High Growth occupations to over 52 million.

The following five most populous High Growth occupations employed almost 19 million workers in 1980, and are projected to employ more than 23 million by 1990:

Occupation	**1980***	**% Change 1978-1990**	**1990***
✓ Blue-Collar Worker Supervisors	4,825,000	17.36	5,663,000
✓ Secretaries	3,998,000	21.03	4,810,000
✓ Helper in the Trades	3,538,000	25.04	4,424,000
✓ Truck Drivers	3,334,000	26.16	4,206,000
✓ Automotive Mechanics	3,201,000	24.25	3,977,000

*Rounded to the nearest thousand

The following three High Growth occupations are expected to experience the greatest percentages of increase by 1990:

Occupation	**1980**	**% Change 1978-1990**	**1990**
✓ Food Preparation and Service Workers	211,965	68.84	357,882
✓ Nurse's Aides and Orderlies	1,378,118	54.56	2,130,019
✓ Nurses, Professional	1,304,850	50.28	1,960,929

Overview: Minorities and Women

Minority men and women, and nonminority women composed 64.1 percent of the High Growth work force in 1980 (19.2 percent minorities, and 44.9 percent nonminority women). The distribution of minority groups was as follows:

	Number	**Percent**
✓ Total minorities	7.9 million	19.2
✓ Black men and women	4.5 million	11.1
✓ Hispanic men and women	2.5 million	6.0
✓ Asian men and women	645,000	1.6
✓ American Indian men and women	219,000	0.5
✓ Nonminority women	18.6 million	44.9

High Growth occupations which had the greatest percentages and numbers of minority employees in 1980 require minimal skills for job entry.

A large portion of women in High Growth areas, primarily nonminority, participated in occupations which require specific skills and training, or a college degree.

High Tech Occupations

Civilian Labor Force

The ten High Tech occupations designated by Project 2000 employed over 3 percent of the U.S. CLF in 1980: almost 4 million workers. These occupations, as an aggregate, are expected to experience a 55 percent growth increase by 1990, creating over 2 million new jobs. This will bring the total number of people employed in High Tech occupations to over 6 million.

The following five most populous High Tech occupations employed slightly over 3 million workers in 1980, and are projected to employ almost 4.5 million by 1990 *(see Chapter 3-Table 2)*:

Occupation	**1980**	**% Change 1978-1990**	**1990**
✓ Electrical and Electronic Assemblers	1,699,700	34.24	2,281,677
✓ Computer Programmers	499,626	73.57	780,416
✓ Computer Operators	395,547	87.90	743,233
✓ Electric Engineers	322,874	51.18	488,121
✓ Electrical and Electronic Technicians	266,184	45.42	387,085

The following three High Tech occupations are expected to experience the greatest percentages of increase by 1990 *(see Chapter 3-Table 2)*:

Occupation	**1980**	**% Change 1978-1990**	**1990**
✓ Data Processing Machine Mechanics	165,321	147.62	409,368
✓ Computer Systems Analysts	202,651	107.75	421,007
✓ Computer Operators	395,547	87.9	743,233

Although far fewer workers were employed in High Tech than High Growth areas in 1980, BLS low-trend growth rates indicate that the net increases in some High Tech fields by 1990 will be comparable to those for some High Growth occupations. However, despite the tremendous predicted increase of High Tech areas, nearly 150 percent in one instance, most new jobs are expected to be in the High Growth occupations.

ATTACHMENT D

TRAINING PROVIDED AND ADVANTAGES OF PRIVATE CAREER COLLEGES AND SCHOOLS

PCCSs provide the very training where most of the jobs will be between now and the year 2000 yet, efforts to reduce default rates will likely reduce access for loans to enable students to obtain this type of training.

o Three-quarters of students receiving postsecondary vocational training receive it in a private career college and school.

o Enrollments have been growing by 10 percent annually at a time when enrollment in traditional colleges and universities have been relatively stable.

o Most students attend proprietary schools because they wanted to get a job and they believed that the program they had signed up for was likely to lead to that end and the program was of short duration, allowing them to get on the job more quickly.

o Even though tuitions are generally higher in proprietary schools as compared to state-support public institutions, the student's cost of attendance is lower because the programs take about half as much time to complete compared to the public sector. The student taking a proprietary school course is going to be on the job and earning money twice as soon as his peer in the public program.

o As a business, these schools operate year-round, 48 and sometimes 52 weeks a year. It is efficient, reduces costs, and more effectively utilizes personnel, space and equipment. The year-round operation serves students well by not only allowing more start times per year, but also allowing the student to complete the training with no significant interruption.

o These schools are able to respond rapidly to new career fields because often key investment decisions, such as purchase of equipment, expansion of space, major changes in curriculum direction, can be decided by the owner. There is no delay until the next fiscal year when budgeting is approved, or when requisite clearance through numerous committees and management levels is made.

o Private career schools use demand to determine which programs should be cut instead of political reasons. The students see the benefit in terms of relatively high placement rates compared to other comparable public institutions.

o The public also benefits from a lower cost supplier of educational services because the training costs for the same length of time at private career schools to be only 50-75 percent of the cost of public institutions.

o Because student enrollment is almost the only source of income for most schools, the retention of the student is extremely important. The loss of any one student is almost a direct charge to the bottom line, yet once a student is in class, the marginal cost of conducting that class without the extra student is minuscule. On the other hand, the marginal return to the school by retaining that student is extremely high.

Senator **Pell**. Now we turn to Ms. Roemer.

Ms. **Roemer**. Thank you, Mr. Chairman.

I am testifying this morning on behalf of the American Association of Community and Junior Colleges, the Association of Community Colleges Trustees, and their Joint Commission on Federal Relations.

My name is Claire Roemer, and I am the financial aid administrator of Tarrant County Junior College in Fort Worth, Texas.

I am here because as a practicing aid administrator, I am concerned—concerned about student loan defaults, and concerned about the possibility of hasty judgments.

According to the statistics released by Mr. Bennett, Tarrant County Junior College has a "cohort default rate" of 27.1 percent.

What we do at Tarrant County Junior College and what we have done at Tarrant County Junior College since Guaranteed Student Loans began was to provide—always provide—pre-loan counseling on an individual basis with a professional, a counselor, before the student goes into a Guaranteed Student Loan. We have done this long before exit counseling was mandated by law.

Each student applying for a GSL has met individual with a professional who discusses eligibility, deferment, repayment, and payment responsibility. This is done prior to certification so that a student knows at the outset that this is a loan and that they have an obligation to repay.

Often our counselors discourage a student from borrowing. Early in the year, we offer other package aid—a job on campus, other gift funds. But when those have been exhausted, as they have right now at my institution, I have no other recourse but a guaranteed student loan to offer that borrower.

We still counsel the student to borrow the very least needed. But legally, if a student meets certification standards, I must certify that application, regardless of high debt burden or any other potential problems I might notice.

As students leave our institution, letters are written to them informing them of exit counseling, pointing out the need to communicate with the lender, and again emphasizing the obligation to repay. We also send out a 30-day notice, much sooner than required by law, to lenders and guarantee agencies information informing them of status changes on students. We feel if we keep lenders and guarantee agencies up on a timely basis, they can keep students informed.

Our State guarantee agency publishes a list of 60-day, past-due students, and each of these is contacted by mail, again emphasizing the consequences of a failure to repay and the need to work with the lender if the student has enrolled elsewhere, is unemployed, or meets other deferment opportunities.

We also place holds on students trying to enroll again at Tarrant County Junior College that are in default. Although State law hampers us from denying them access, we do force them to sit down and talk on the telephone with the guarantee agency about their particular situation.

I believe that all of the above demonstrates how seriously our institution has taken the responsibility for debt counseling and consumer information, and yet, according to Secretary Bennett, we have a high default rate.

Why? We are an institution that provides access. As grant and work funds have diminished over the years, students have had to borrow. Typically, our students are not students in the top quarter or the top half of their high school class. They are students who have a high school diploma; they are students who have completed a GED, or they may be students who have demonstrated through testing an ability to benefit.

We provide career counseling, remedial course work in math, reading, writing, and special student labs in all of these fields as well. We are committed as an institution to helping these students progress.

GSLs are made often to borrowers who are young, with no or little credit history, no collateral, no cosigner, and no assurance of academic success. Defaults will exist in such a program. But it is important to remember that by and large, students who do repay—and the majority of them do—that we are providing them access, and we are making an investment in our country.

There are some problems that are of particular concern to junior colleges as relates to this cohort default rate. This information is based on number of borrowers, not dollars. And so, of 188 students at my institution who went into repayment in 1985, 51 students were found in default in 1986. The population of my institution is 25,000 students; 51 of 25,000 are in default, and for that reason I have a default rate that exceeds 20 percent.

My institution charges $312 average full-time for tuition and fees, fall and spring semesters. We are not making money off Guaranteed Student Loans at Tarrant County Junior College.

Also, Mr. Chairman, we lose in our cohort default rate a problem called "reverse transfers". GSLs are always charged against the institution of last enrollment. When a borrower leaves my institution and transfers into a four-year school, as we encourage 50 percent of our students to do that, they become a part of their institution.

In closing, then, I would just like to say that college access for less affluent Americans will suffer heavily if Congress and the education program solve the Guaranteed Student Loan default problem by imposing arbitrary default rate caps on institutions that serve high-risk students.

And I would hope that you would also look at some of the recommendations that are included in our paper.

Thank you.

Senator **Stafford** [presiding]. We certainly will, and thank you very much.

[The prepared statement of Ms. Roemer and responses to questions submitted by Senator Hatch follows:]

Testimony

to the

Subcommittee on Education, Arts and Humanities
Honorable Claiborne Pell, Chair
U.S. Senate

on

GUARANTEED STUDENT LOAN DEFAULT POLICY

by
Claire M. Roemer
Student Financial Aid Director
Tarrant County Junior College
Fort Worth, Texas

on behalf of the
Joint Commission on Federal Relations
of the
American Association of Community and Junior Colleges
and the
Association of Community College Trustees

December 11, 1987

Mr. Chairman, I am testifying today on behalf of the American Association of Community and Junior Colleges, the Association of Community College Trustees and their Joint Commission on Federal Relations. My name is Claire Roemer and I am the financial aid administrator of Tarrant County Junior College in Fort Worth, Texas. I am here because we are concerned -- concerned about student defaults and concerned about the possibility of hasty judgments.

According to the statistics released by Mr. Bennett, Tarrant County Junior College has a "cohort default rate" of 27.1 percent. This information is based on the number of borrowers, not dollars, and so of 188 students who went into repayment in 1985, 51 were in default in 1986. This "cohort" figure does not include any students who originally borrowed from T.C.J.C. and continued their education elswehere. It only includes students from whom we were the last school attended.

I should inject, Mr. Chairman, that reverse transfers are a special problem for community colleges. GSL's are always charged against the institution of last enrollment. Many GSL borrowers that start college at a senior institution drop out, usually for economic reasons, within a term or two. Often after their GSL is in default, they resume college studies at a community college. It is patently unfair that federal practice then assigns the default to the community college's GSL record. Conversely, students who complete their community college programs with the help of a GSL usually become better repayment prospects, but if they continue their education at a senior institution, the latter gets the credit for their GSL status.

As we understand the Secretary's plan, if our college or any other institution should not, within the next two years, meet his arbitrary limit on the default rate, he would eliminate us from all Title IV aid. Last year, we awarded over $1 million to 1,370 Pell Grant recipients and an additional $270,000 in SEOG and College Work Study.

Loan defaults are a serious problem and if I felt that our institution was not honestly doing its job to inform and educate, I would expect to be held accountable. However, one must realize that our educational philosophy encourages us to take risks on the very students most schools will ignore and to help these students become productive members of our society. As an institution, we are but one link in the entire default picture. To penalize future students of a college for the offenses of past students seems extremely harsh, especially when the institution has no control over who receives the loan and no active role in collection. I do not make or collect student loans. I certify that a student has been accepted by my institution, is making satisfactory academic progress, and demonstrates need for the loan.

At Tarrant County Junior College we have always been firm in our commitment to education and providing access to that education. We have more than 25,000 students enrolled at three campuses in our district. We participate in the Pell program, SEOG, College Work-Study, SSIG, and the Guaranteed Student Loan Program. We do this to provide access. Our tuition and fees average $312 for a full-time student attending both Fall and Spring semesters. Yet even with these low costs there are those members of our society who must have additional help to pursue an education.

Tarrant County Junior College has always provided individual loan counseling even before exit counseling was mandated by law. Each student applying for a GSL meets individually with a counselor who discusses eligibility, deferment, repayment, and payment responsibility. This is done prior to certification so that a student knows at the outset that this is a loan and that they have an obligation to repay.

Often our counselors discourage a student from borrowing. Early in the year, we offer other package aid -- a job on campus, other gift funds, but when those have been exhausted as they are right now, the student has no other option. We still counsel the student to borrow the absolute least needed. But, legally, if the student meets the certification standards, I must certify the application regardless of high debt burden or any other potential problems I might notice. The Secretary says it quite well in a response in the new regulations published Tuesday, December 1, 1987. "The Secretary recognizes that an institution does not have the responsibility (unless it is also the lender) for collecting GSL, PLUS, and SLS program loans received for attendance at an institution and thus lacks direct responsibility for and control over that aspect of loan administration." The Secretary then continues stating that the institution has a requirement to do exit counseling and help with debt management strategies.

As students leave our institution, letters are written informing them of exit counseling, pointing out the need to communicate with the lender, and again emphasizing the obligation to repay. Notices are sent to lenders and guarantee agencies on a monthly basis informing them of status changes on students.

Our state guarantee agency publishes a list of 60-day, past-due students and each of these is contacted by mail, again emphasizing the consequences of failure to repay, and the need to work with the lender if the student has enrolled elsewhere, is unemployed, or meets other deferment provisions.

We also place holds on students trying to enroll again at Tarrant County Junior College that are in default. Although state law hampers us from denying them access, we do make the defaulted borrower sit down and talk to the guarantee agency, and we deny further aid.

I believe that all of the above demonstrates how seriously our institution has taken the responsibility for debt counseling and consumer information, and yet we have a high default rate. Why? I ask you, each of you, to remember the intent of this program. It provides access. As grants and work funds have diminished over the years -- we have never received our "fair share" -- students have had to borrow. Typically our students are not the students in the top quarter or top half of their high school class, but those who have a high school diploma, a GED, or those for whom we can demonstrate an ability to benefit. We provide career counseling, remedial coursework in math, reading, writing -- special student labs in these fields as well. We are committed to helping those students progress.

Please remember that GSL's are made often to young borrowers, with no or little credit history, no collateral, no cosigner, and no assurance of academic success. Defaults will exist, but it is important that we remember that by and large students do repay and that by providing this access we are making an investment that will help our country remain the strong nation that it is.

Summing up, Mr. Chairman: College access for less affluent [illegible]ricans will suffer heavily if Congress and the Education Department solve the Guaranteed Student Loan default problem only by imposing arbitrary default rate caps on the institutions that serve "high risk" students. It's a solution that makes future students suffer for the mistakes of former students. Beyond heavier loan counseling, which is already the practice of my school, colleges that are largely responsible for serving the "high risk" students are virtually helpless to reduce default rates unless Congress gives them more discretion over loan eligibility.

A possible solution, Mr. Chairman, might be to make maximum Pell Grants to "high risk" students in their freshman year, with additional help from SEOG's and Work-Study for the neediest students. Once they have completed the freshman year and shown they are cut out for college work, then add loans and the 60 percent cost cap. Keeping freshmen out of loans would eliminate most of the default problem.

Mr. Chairman, we would appreciate it if the hearing record could include the letter that our financial aid colleagues in Virginia have sent to their Members of Congress. It contains additional information and observations that shed additional light on this issue. We thank you again for this opportunity to share our experience with you.

Virginia Association of Student
VASFAA
Financial Aid Administrators
"20 years of managing change through professionalism"

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FALL MEETING
Fairfax, Holiday Inn
October 12 - 14

SPRING MEETING
Charlottesville, Hilton
April 18 - 20

November 30, 1987

The Honorable Owen B. Pickett
1429 Longworth House Office Building
New Jersey and Independence Avenues, S.E.
Washington, DC 20515

Dear Congressman Pickett:

Our association is compelled to ask your help in responding to the U.S. Department of Education's proposal to severely penalize students attending colleges whose Guaranteed Student Loan (GSL) borrowers of the past have failed to repay their loans. The proposal would bar students at an institution with a default rate exceeding twenty percent from receiving any Title IV aid. This proposal is aimed at reducing the cost of defaults on Guaranteed Student Loans. While we share the concern, it is our position that penalizing today's students and those of the future because of mistakes of the past is unconscionable.

The Department intends to accomplish its plans through the regulatory process. This plan directly conflicts with the Congressional intent of these programs and fails to recognize Congress' new efforts to correct the problem through the Higher Education Amendments of 1986.

Penalizing colleges and their students effectively sanctions those institutions which follow the law by certifying all eligible applicants. Research has shown that one of the most effective indicators of default is the income level of the borrower and his family. The lower the income the more likely the borrower is to default. Criticizing schools who serve low income, disadvantaged students who subsequently default at a higher rate is not unlike criticizing a hospital for having sick patients. The Higher Education

Amendments of 1986 intentionally made the GSL program available only to needy students. Needy students are usually from low income families. The USDE proposal will make it exceedingly difficult for many low income students to participate in the program.

Another important factor is the limited role colleges have in the decision making regarding who can borrow from this program. The Higher Education Amendments prohibit a college from refusing to certify an application from any eligible applicant. Lenders and guarantee agencies control who may borrow.

The colleges have no direct role in the collection of these loans. Again, Congress enhanced the colleges' indirect involvement by requiring debt counseling and reducing the time allowed for reporting enrollment and address changes to lenders. The new law also requires guarantee agencies to conduct tight management review of colleges and lenders and to terminate participation where mismanagement is found. USDE is not giving any of these Congressional mandates a chance. And, given that the lenders and the guarantee agencies have the direct responsibility for collection, it would seem more effective if USDE informed the colleges of those lenders and agencies who have bad collection and due diligence records.

When considering the entire cost of the GSL programs, including in-school subsidy as well as default, the Congress has always recognized the real return on this investment in our country's human potential. While an estimated thirteen percent fail to repay, at least eighty-seven percent do. One can assume that a large portion of that eighty-seven percent are also paying higher taxes than they would had they not gone to college. One can also assume that some of those borrowers would be on social services rolls if it were not for their college education. The GSL program has always been part of the opportunity package designed to assure our country the educated citizenry a democratic government demands.

These loans are not secured by a house or a car. You cannot take back an education. The Secretary has recommended that institutions withhold transcripts. However, it is illegal for a Virginia public institution to withhold a transcript unless a debt is owed the institution. A Guaranteed Student Loan is a not a debt to the college, but to the lender.

We take a chance that those who take advantage of the Title IV programs will succeed. Significantly more than a majority do. The Department's proposal would make the Title IV programs unavailable at many of Virginia's community colleges, proprietary schools, and traditionally black institutions. How much will that cost Virginia in lower wages, increased social services expenditures and human potential? Schools may be forced to restrict admission or their loan eligibility of needy students to retain institutional eligibility to participate in Title IV programs. Schools barred from these programs may need to increase tuition revenues to replace lost federal dollars.

Our members join the Congress in its concern for reducing the cost of GSL in order to make more grant dollars available. It is our belief that the steps we have taken together, will accomplish that goal. The current costs of default directly correlate with the expansion of the program in the late seventies and early eighties. We anticipate that these costs will decline with the more recent restrictions placed on the program by Congress with or without Mr. Bennett's plan. We would appreciate your help in stopping the implementation of the Department's proposals in order to assure Virginians the opportunity for a college education regardless of income.

We are very interested in your concerns and proposals regarding this matter. Please contact your VASFAA Legislative Liaison or Ms. Marie Bennett (703) 323-3199 . Thank you.

Sincerely,

Karen D Koonce

Karen D. Koonce
President

C Bennett

Marie A. Bennett
Chairman, Legislative Relations

KDK,MAB/dls

Attachment

cc: National Association of Student Financial Aid Administrators
American Association of Community and Junior Colleges✓

SOUTH CAMPUS
TARRANT COUNTY JUNIOR COLLEGE DISTRICT
3301 CAMPUS DRIVE—FORT WORTH, TEXAS 76119
Area Code 817, 534-4861

January 15, 1988

Senator Claiborne Pell, Chairman
Subcommittee on Education, Arts,
and Humanities
United States Senate
Washington, D. C. 20510-6300

Dear Senator Pell:

Enclosed are my responses to Senator Orrin Hatch's questions. I appreciate again the opportunity to give my input.

Sincerely,

Claire M. Roemer

Claire M. Roemer
District Director/Coordinator
of Financial Aid

CMR/dh

SOUTH CAMPUS
TARRANT COUNTY JUNIOR COLLEGE DISTRICT
5301 CAMPUS DRIVE—FORT WORTH, TEXAS 76119
Area Code 817, 534-4861

January 15, 1988

United States Senate
Committee on Labor and Human Resources
SD 428
Washington, D.C. 20510

Dear Senator Hatch:

Thank you for the opportunity to respond to some of your questions. I testified in December on behalf of the American Association of Community College Trustees and their Joint Commission on Federal Relations. I am a practicing aid administrator from Tarrant County Junior College in Fort Worth, Texas. Our average costs for tuition and fees are $312 Fall and Spring full time. We have three campuses - an enrollment of over 25,000 students.

First let me begin by saying that I believe that the purpose of federal student financial assistance is to provide funds so that no student is denied access to postsecondary education because of lack of financial resources. I do believe that the primary responsibility for funding lies with the student and the parent as applicable.

Ten years ago it was almost impossible at my institution to find lenders for students. In the past six years that situation has changed drastically. As I stated in my testimony, loans are still discouraged and the emphasis is on keeping costs down and offering grants and work in their place as funds are available. In the most recent years my applicant pool has increased, but grant funds and work study allocation monies have not changed at all. It has become more necessary to offer loans to low income student to meet the demonstrated financial need. With all loans now need based, the loan pool will now be targeted more toward the lower income student. Our state guarantee agency has told us that in 1983 38% of the borrowers had income levels of less than $10,000. In 1986 that figure increased to 52%. Financial Aid awarded was 60% grants - 40% loans in 1983. In 1986 those percentages are revised 40% grants - 60% loans.

So who is the defaulter and what can we do? In all the reading I have done, I have not seen anyone who has been able to draw a clear profile. As an aid administrator observing those few who go into default at my institution, it appears to be students who drop out and do not find work. Many students who show up on a sixty day past due list that we receive and then follow-up with, are students who have failed to let lenders know about changes in institutions or who have lost touch with their lenders because of sold loans, etc. Many are those who found the loans and a Pell insufficient to live on and so have had to drop out of school and are now working at a minimum skill job with minimum pay and no excess to repay a loan.

If I could recommend an aid package to help reduce defaults it would be to minimize or eliminate, if possible, loans to the young first semester student. Provide work as a self help component on campus which has proven to be helpful in retention and academic success.

In my testimony I recommended a greater dollar amount for Pell by increasing the 60% cost factor and an increase in work study dollars available. This package would be especially important at those institutions who serve high risk students - students from low income families with minimum academic skills.

It is my opinion that it is important to keep the GSL program alive. The Income Contingent loan program scares me. I do individual pre-loan counseling and it is hard enough for my students to understand GSL repayment responsibilities. I do not see how they would be able to fully understand the impact of an income - contingency loan and the implications of repayment. We will have parents repaying IC loans when their children are in college. It is important for all of us - institutions, lenders, guarantee agencies, secondary markets, collection agencies to work together towards managing the default issue. I resent being told that my institution has a default rate when my institution does not make or collect loans. I do believe that my institution has a mandate to educate and work with those students with with low academic skills. That is why we provide testing, career counseling, remedial courses now. That is in many ways the mission of a junior college.

In the last year my colleagues and I have appreciated the multiple disbursements. I do believe that it helps students better manage their resources and certainly does not hurt those who legitimately use funds for educational purposes Fall and Spring. Our state loan application provides for suggested disbursement dates and I work with lenders who follow those dates. That helps disbursement occur at enrollment and not before the semester begins.

Realistically one cannot expect the default rate on a student loan to be the same as a commercial loan where past credit history, collateral are all a part of the application process. If you balance the defaulted dollars against those lent by private industry and those in repayment, I don't believe that you can find a program that provides as much for the federal dollars expended.

It would be very helpful to have one common definition of default. I do believe that that rate should include dollars not borrowers and should remove dollars when repayment has begun. I do not believe, as I stated previously, that you can attach this to an institution. Defaults exist where loans are made and collected.

If other lenders follow Chase's decision not to lend to proprietary institutions we may soon see lenders refuse to work with your next higher risk - the two year community college. When that happens, I am afraid that access becomes threatened because for many students the open door admission of a two year college gives them opportunity. I like Dale Parnell's, President of AACJC, description of our institutions, "first rate/second-chance colleges." As a society we cannot afford to close the door to that education. I do believe that we reduce welfare roles and in addition we provide your trained automative technicians, plumbers, electricians, nurses, etc.

I am not sure that withholding transcripts is an answer to default prevention. We don't want to bar these people from additional education - that may help. We do want to bar further federal funding.

I am always skeptical of where we get some of our benchmarks. Why a 20% default rate? Why $4000 total income makes you an independent? I would caution Congress if you chose to set varing default rates for different institutions or student populations. I would not have a problem with our institution being evaluated as it is now in relation to its mission and teaching ability by the proper accrediting agencies. I am also not ashamed of what we do to educate, inform, and follow up with student borrowers.

I hope I have provided some answers to your questions. Again, I appreciate the opportunity to respond.

Sincerely,

Claire M. Roemer
District Director/Coordinator

CMR:fs

Senator **Stafford**. Since I am the surviving member of the firm of "Pell and Stafford" here, Dr. Richardson, if you don't mind being interrupted when I have to leave, we will start with your testimony.

Dr. **Richardson**. Thank you very much, Senator Stafford.

I am Earl Richardson, President of Morgan State University, and representing the NAFEO institutions.

It is indeed my pleasure to be a part of the discussion on the default rate, since it is of great importance to our universities and to our students.

The NAFEO Association for Equal Opportunity in Higher Education was founded in October 1969 as a volunteer independent association of historically black colleges and universities. There are some 116 NAFEO institutions, consisting of 53 public and 59 private institutions, of which 23 are two-year colleges, 18 are land-grant colleges, and 4 graduate and professional schools.

These institutions are located in 14 Southern States, 6 Northern States, 3 Midwestern States, and one Western State, the District of Columbia and the Virgin Islands.

These institutions have made tremendous contributions to our Nation and continue to be of vital importance. They have championed the cause of equal opportunity and quality education and have provided this opportunity to those who were denied it or could not afford it. They have assumed leadership in the development of techniques for overcoming handicaps of the educationally disadvantaged and have served as custodians of the black culture and the contributions of black Americans.

Senator **Stafford**. Dr. Richardson, we are going to have to recess this hearing until Senator Pell returns. If you will pardon us for interrupting you at this point, you will have the option of starting over, when Senator Pell returns. He left early in order to get back here as soon as possible, and I've got to leave now or I'll miss the vote.

Dr. **Richardson**. Okay.

Senator **Stafford**. The Committee is recessed temporarily.

Dr. **Richardson**. Thank you.

[Short recess.]

Senator **Pell**. We will come to order.

I apologize for the interruption, but we were in the middle of some roll call votes on the Senate Floor as well.

Our next witness is Dr. Earl Richardson, who is President of Morgan State University and represents the National Association for Equal Opportunity in Higher Education.

Dr. Richardson.

Dr. **Richardson**. Thank you very much, Chairman Pell.

I had started a few minutes ago, and I had identified myself as representing the NAFEO institutions, and I will just pick up and continue.

The NAFEO institutions have produced upwards of 70 percent of all the black graduates of colleges since the inception of this Nation. In the future, they will produce in excess of 300,000 college graduates every ten years.

I am president of one of these institutions, Morgan State University, which is located in Northeast Baltimore. Morgan State is a doctoral-granting, urban-oriented institution with a mission of teaching, research and public service. We offer programs in the liberal arts as well as in career in professional areas, and offer degrees at the baccalaureate through doctoral level.

The student body at Morgan State University is multi-racial and international in composition and reflects students from varying socio-economic backgrounds. The typical student, however, is a black graduate of the Maryland public school system, is a first-generation college attendee. Eighty percent of these students receive some form of financial assistance, without which they would be unable to attend the university.

Like Morgan, the student clientele which other NAFEO institutions serve is black, and the majority of them are on financial aid.

Under what conditions do these students live, and from what kinds of environments do they come? Allow me to make a few statements here.

More than 49 percent of all black students 18 years old and under live in poverty, as compared to 17 percent of whites.

In 1985, 44 percent of black families were maintained by women, as compared with 13 percent of white families; and 73 percent of all poor black families were maintained by black female householders.

The median family income for blacks in 1984 was $15,980, as compared to the median family income for families of black freshmen in 1985 was $14,130.

Despite these data, black colleges and universities enroll in excess of 271,000 students a year and continue to serve, educate and produce 40 percent of all baccalaureate degrees received by black students; produce more than 50 percent of the Nation's black business executives and elected officials, 75 percent of black Americans with Ph.D.s, 75 percent of black military officers, 80 percent of black Federal judges, and 85 percent of black physicians.

Black colleges, founded over 100 years ago to serve those who had been severely crippled by slavery and poverty, have continued through the years to elevate denied youth to creative citizenship.

I am giving you this background to illustrate how much our students are dependent upon student financial assistance programs at the institutional, State and Federal level, and the impact withdrawal of such funds could have upon access for the students we serve.

I do not suggest any exemption for our institutions. If there is anything we do want to make clear today, it is that the NAFEO institutions and their chief executive officers share the concerns over the very high default rate and deplore the refusal of loan recipients to repay those loans.

We are also concerned, however, that in addressing the problem of defaults, we do not deny equal access to the future generation of blacks and other minorities who are yet under-represented among college graduates in our society.

To cease to guarantee loans to institutions with a cumulative default rate that exceeds 20 percent, as proposed by Secretary Bennett, would dramatically disrupt access to those regionally-accredited, nonprofit community colleges and four-year institutions which serve the largest numbers of minority and low-income students in the Nation.

I am moving quickly; it is all contained in the testimony that you have before you.

As a result of these concerns, the NAFEO institutions strongly oppose the setting of thresholds because they are dangerous to the established patterns of access for minorities and low-income students. They do not in and of themselves produce lower default rates or greater collections; nor do they afford effective ways to get the same default rates for low-income populations as for affluent populations.

The NAFEO institutions endorse due diligence efforts to pursue students once they have left institutions, including the withholding of transcripts if this can be done legally. I would like to say here that Morgan State University has been working very diligently to give counsel to students before they take the loans. We have tried to discourage students taking loans who really did not need them. We have also instituted seminars for students that are leaving the institutions.

On the matter of the withholding of transcripts, we have asked the opinion of the Attorney General to see if we could not withhold transcripts for those students who had left the institution, had graduated from the institution, and then were not repaying. It is the Attorney General of Maryland's opinion that we cannot do that because the student is not indebted to the institution directly.

The NAFEO institutions have indeed come up with a consensus statement, which is attached to my testimony and is available to your Committee.

Thank you very much, Mr. Chairman.

Senator PELL. Thank you very much, Dr. Richardson, and as I mentioned earlier, your full testimony will appear in the record in full as if read.

[The prepared statement of Dr. Richardson and responses to questions submitted by Senator Hatch follow:]

TESTIMONY BEFORE THE SENATE SUBCOMMITTEE ON EDUCATION, ARTS, AND THE HUMANITIES

ON BEHALF OF

THE NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

BY EARL S. RICHARDSON, PRESIDENT

MORGAN STATE UNIVERSITY

CHAIRMAN PELL AND MEMBERS OF THE SENATE SUBCOMMITTEE ON EDUCATION, ARTS, AND THE HUMANITIES, LET ME THANK YOU FOR INVITING NAFEO TO PARTICIPATE ON THIS PANEL. THE NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION (NAFEO) WAS FOUNDED IN OCTOBER 1969. THE ASSOCIATION WAS FORMED AS A VOLUNTARY INDEPENDENT ASSOCIATION BY HISTORICALLY-BLACK COLLEGES AND UNIVERSITIES. THERE ARE SOME 116 NAFEO INSTITUTIONS, CONSISTING OF 53 PUBLIC AND 59 PRIVATE INSTITUTIONS, OF WHICH 23 ARE TWO-YEAR COLLEGES, 18 ARE LAND-GRANT COLLEGES, AND 4 GRADUATE AND PROFESSIONAL SCHOOLS. THESE INSTITUTIONS ARE LOCATED IN 14 SOUTHERN STATES, 6 NORTHERN STATES, 3 MID-WESTERN STATES AND 1 WESTERN STATE, THE DISTRICT OF COLUMBIA AND THE VIRGIN ISLANDS.

THESE INSTITUTIONS HAVE MADE TREMENDOUS CONTRIBUTIONS TO OUR NATION AND CONTINUE TO BE OF VITAL IMPORTANCE. THEY HAVE CHAMPIONED THE CAUSE OF EQUAL OPPORTUNITY AND QUALITY EDUCATION

AND HAVE PROVIDED THIS OPPORTUNITY TO THOSE WHO WERE DENIED IT OR COULD NOT AFFORD IT; ASSUMED LEADERSHIP IN THE DEVELOPMENT OF TECHNIQUES FOR OVERCOMING HANDICAPS OF THE EDUCATIONALLY DISADVANTAGED; SERVED AS CUSTODIANS OF ARCHIVES OF BLACK AMERICANS AND AS CENTERS FOR THE STUDY OF THE RICH CULTURAL CONTRIBUTIONS OF BLACKS TO AMERICA; AND DEVELOPED AND EXPANDED PROGRAMS OF EDUCATIONAL AND OCCUPATION RETRAINING FOR MINORITY ADULTS.

THESE INSTITUTIONS HAVE PRODUCED UPWARDS OF 70 PERCENT OF ALL THE BLACK GRADUATES OF COLLEGES SINCE THE INCEPTION OF THIS NATION. IN THE FUTURE, THEY WILL PRODUCE IN EXCESS OF 300,000 COLLEGE GRADUATES, EVERY 10 YEARS.

I SERVE AT ONE THESE INSTITUTIONS, MORGAN STATE UNIVERSITY, WHICH IS LOCATED IN NORTHEAST BALTIMORE. MORGAN IS A DOCTORAL-GRANTING, URBAN-ORIENTED UNIVERSITY WITH A MISSION OF TEACHING, RESEARCH AND PUBLIC SERVICE. WE OFFER PROGRAMS IN THE LIBERAL ARTS, AS WELL AS IN CAREER AND PROFESSIONAL AREAS. THE STUDENT BODY AT MORGAN STATE UNIVERSITY IS MULTI-RACIAL AND INTERNATIONAL IN COMPOSITION AND REFLECTS STUDENTS FROM VARYING SOCIO-ECONOMIC BACKGROUNDS. THE TYPICAL STUDENT IS A BLACK GRADUATE OF THE MARYLAND PUBLIC SCHOOL SYSTEM AND IS A FIRST GENERATION COLLEGE ATTENDEE. EIGHTY PERCENT OF THESE STUDENTS RECEIVE SOME FORM OF FINANCIAL ASSISTANCE, WITHOUT WHICH THEY WOULD BE UNABLE TO ATTEND THE UNIVERSITY.

LIKE MORGAN, THE STUDENT CLIENTELE WHICH OTHER NAFEO INSTITUTIONS SERVE IS BLACK AND THE MAJORITY OF THEM ARE ON FINANCIAL AID. UNDER WHAT CONDITIONS DO THESE STUDENTS LIVE AND FROM WHAT KINDS OF ENVIRONMENT DO THEY COME? ALLOW ME TO TELL YOU.

1. MORE THAN 49 PERCENT OF ALL BLACK STUDENTS 18 YEARS OLD AND UNDER LIVE IN POVERTY (AS COMPARED TO 17 PERCENT OF WHITES).
2. IN 1985, FORTY-FOUR (44) PERCENT OF BLACK FAMILIES WERE MAINTAINED BY WOMEN (AS COMPARED WITH 13 PERCENT OF WHITE FAMILIES); AND 73 PERCENT OF ALL POOR BLACK FAMILIES WERE MAINTAINED BY BLACK FEMALE HOUSEHOLDERS.
3. THE MEDIAN FAMILY INCOME FOR BLACKS IN 1984 WAS $15,980; THE MEDIAN FAMILY INCOME FOR FAMILIES OF BLACK FRESHMEN IN 1985 WAS $14,130. (BLACK FAMILIES LOST 12 PERCENT IN EXPENDABLE INCOME OVER THE LAST FIVE YEARS.)
4. ABOUT 31 PERCENT OR 2.1 MILLION OF ALL BLACK FAMILIES HAD MONEY INCOMES BELOW THE POVERTY LEVEL IN 1984.
5. FIFTY-FIVE PERCENT OF CHILDREN BORN TO BLACK FAMILIES TODAY ARE BORN OUT-OF-WEDLOCK.
6. TODAY, 19 PERCENT OF BLACK STUDENTS GRADUATE FROM HIGH SCHOOLS, YET ONLY 13 PERCENT ARE GRADUATED FROM COLLEGE AND ONLY FIVE PERCENT ARE ENROLLED IN GRADUATE AND PROFESSIONAL SCHOOLS.

DESPITE THESE DATA, BLACK COLLEGES AND UNIVERSITIES ENROLL IN EXCESS OF 271,000 STUDENTS A YEAR AND CONTINUE TO SERVE, EDUCATE, AND PRODUCE 40 PERCENT OF ALL BACCALAUREATE DEGREES RECEIVED BY BLACK STUDENTS, PRODUCE MORE THAN 50 PERCENT OF THE NATION'S BLACK BUSINESS EXECUTIVES AND ELECTED OFFICIALS, 75 PERCENT OF BLACK AMERICANS WITH PH.D. DEGREES, 75 PERCENT OF BLACK MILITARY OFFICERS, 80 PERCENT OF BLACK FEDERAL JUDGES, AND 85 PERCENT OF BLACK PHYSICIANS. BLACK COLLEGES, FOUNDED OVER 100 YEARS AGO, TO SERVE THOSE WHO HAD BEEN SEVERELY CRIPPLED BY SLAVERY AND POVERTY, HAVE CONTINUED THROUGH THE YEARS TO ELEVATE DENIED YOUTH TO CREATIVE CITIZENSHIP.

I AM GIVING YOU THIS BACKGROUND TO ILLUSTRATE HOW MUCH OUR STUDENTS ARE DEPENDENT UPON STUDENT FINANCIAL ASSISTANCE PROGRAMS AT THE INSTITUTIONAL, STATE AND FEDERAL LEVEL AND THE IMPACT WITHDRAWAL OF SUCH FUNDS COULD HAVE UPON ACCESS FOR THE STUDENTS WE SERVE. IF THERE IS ANYTHING WE WANT TO MAKE CLEAR IN THIS PRESENTATION, IT IS THAT THE NAFEO INSTITUTIONS AND THEIR CHIEF EXECUTIVE OFFICERS SHARE THE CONCERN OVER THE VERY HIGH DEFAULT RATE AND DEPLORE THE REFUSAL OF LOAN RECIPIENTS TO REPAY THOSE LOANS. WE ARE ALSO CONCERNED, HOWEVER, THAT IN ADDRESSING THE PROBLEM OF DEFAULT, WE DO NOT DENY EQUAL ACCESS TO THE FUTURE GENERATION OF BLACKS AND OTHER MINORITIES WHO ARE YET UNDER-REPRESENTED AMONG COLLEGE GRADUATES IN OUR SOCIETY.

TO CEASE TO GUARANTEE LOANS TO INSTITUTIONS WITH A CUMULATIVE DEFAULT RATE THAT EXCEEDS 20 PERCENT, AS PROPOSED BY SECRETARY BENNETT, WOULD DRAMATICALLY DISRUPT ACCESS TO THOSE REGIONALLY ACCREDITED, NON-PROFIT COMMUNITY COLLEGES AND FOUR-YEAR INSTITUTIONS WHICH SERVE THE LARGEST NUMBERS OF MINORITY AND LOW INCOME STUDENTS IN THE NATION. IF THE GSL AMENDMENT TO THE TRADE BILL, HR3, IS ENACTED, CONSIDER THE FOLLOWING:

1. IN MOST OF OUR LARGEST CITIES WHERE THE LARGEST NUMBERS OF MINORITY AND LOW INCOME STUDENTS ARE ENROLLED IN COLLEGE, ALMOST ALL OF THE INSTITUTIONS OF PRIMARY ACCESS WOULD BE SUBJECT TO HAVING THEIR GUARANTY ARRANGEMENTS DISRUPTED IF ARBITRARY THRESHOLDS ARE ESTABLISHED.
2. IN TWO CITIES LIKE CHICAGO AND NEW YORK, THE PUBLIC FOUR YEAR COLLEGES WITH THE HIGHEST PERCENTAGES OF MINORITIES ALSO HAVE DEFAULT RATES ABOVE 25 PERCENT; NAMELY, BROOKLYN COLLEGE, CITY COLLEGE, AND OLD WESTBURY. THE UNIVERSITY OF MASSACHUSETTS AT BOSTON IS AT 24 PERCENT.
3. IN EVERY INSTANCE, THE LOWEST DEFAULT RATES ARE IN SCHOOLS WITH THE HIGHEST COSTS AND THE MOST AFFLUENT POPULATIONS SUCH AS THE HARVARD LAW SCHOOL AND GRADUATE SCHOOL IN MASSACHUSETTS, FOLLOWED CLOSELY BY SUCH SCHOOLS AS WILLIAMS, AMHERST, WELLESLEY, AND MOUNT HOLYOKE.

4. THE HISTORICALLY BLACK COLLEGES WHICH ENROLL VERY HIGH PROPORTIONS OF BLACK AND LOW INCOME STUDENTS WOULD ALSO BE SUBJECT TO A HIGH RATE OF DISQUALIFICATION BY THEIR GUARANTY AGENCIES. ABOUT TWO-THIRDS OF THEM COULD BE SUBJECTED TO THE UNCERTAINTY OF THE CHANGE OF THE GUARANTY AGENCY.
5. AN ALREADY CRITICAL FINANCIAL AID PICTURE HAS BEEN EXACERBATED BY INCREASING THE NEED TO OBTAIN GUARANTEED STUDENT LOANS TO GET AN EDUCATION. SINCE FEDERAL GRANTS, ORIGINALLY DESIGNED TO OFFER OPPORTUNITIES FOR LOW-INCOME STUDENTS, HAVE NOT KEPT PACE WITH INFLATION, THERE HAS BEEN A GREATER SHIFT TO LOANS. REDUCTION IN THESE GRANTS LEFT STUDENTS NO ALTERNATIVE BUT TO SEEK LOANS IN ORDER TO FINANCE THEIR EDUCATION. CONSEQUENTLY, LOAN PROGRAMS HAVE TAKEN ON THE JOB OF CREATING ACCESS IN WAYS THAT WERE NEVER INTENDED. THE GSL WAS NEVER INTENDED FOR THE POOR, BUT FOR MIDDLE CLASS FAMILIES.

THE ESTABLISHMENT OF DEFAULT RATE THRESHOLDS, NOT ONLY LIMITS ACCESS, BUT ALSO LIMITS CHOICE--THE VERY FOUNDATION OF OUR AMERICAN DEMOCRACY. A STUDENT WHO DESIRES TO ATTEND AN INSTITUTION ABOVE AN ESTABLISHED DEFAULT RATE THRESHOLD IS TOLD THAT HE/SHE CANNOT GET A LOAN TO ATTEND THAT PARTICULAR

INSTITUTION. THE STUDENT'S CHOICE IS THWARTED AND MAY HAVE BEEN THE BEST CHOICE FOR HIM/HER ACADEMICALLY, ECONOMICALLY, SOCIALLY, AND PSYCHOLOGICALLY. IN MANY INSTANCES, THE STUDENT WILL LOOK NO FURTHER. INDEED, WITH THE HIGH ATTRITION RATE OF BLACK STUDENTS, THERE SHOULD BE NO ADDITIONAL CIRCUMSTANCES WHICH TURN STUDENTS AWAY FROM SUCH INSTITUTIONS AS HISTORICALLY BLACK COLLEGES AND UNIVERSITIES WITH A LONG HISTORY OF EDUCATING THE UNDERPREPARED AND UNDERREPRESENTED.

AS A RESULT OF THESE CONCERNS, NAFEO INSTITUTIONS STRONGLY OPPOSE THE SETTING OF THRESHOLDS BECAUSE THEY ARE DANGEROUS TO THE ESTABLISHED PATTERNS OF ACCESS FOR MINORITY AND LOW INCOME STUDENTS; THEY DO NOT IN AND OF THEMSELVES PRODUCE LOWER DEFAULT RATES OR GREATER COLLECTIONS; NOR DO THEY AFFORD EFFECTIVE WAYS TO GET THE SAME DEFAULT RATES FOR LOW INCOME POPULATIONS AS FOR AFFLUENT POPULATIONS. THE FOLLOWING FACTS JUSTIFY THIS POSITION:

1. THE INSTITUTIONS WHICH SERVE THESE POPULATIONS HAVE NOT HAD AND DO NOT HAVE A ROLE IN THE DECISION TO MAKE THE LOANS OR IN THE COLLECTION OF THE LOANS; YET, THEY ARE BEING PENALIZED FOR THE PROBLEM OF A HIGH DEFAULT RATE AMONG THE CLIENTELE THEY SERVE.
2. THE SCHOOLS CAN AND SHOULD HELP IN INFLUENCING THE STUDENTS TO PAY THEIR OBLIGATIONS, BUT PENALIZING THEM

EVEN WHEN THEIR BEST EFFORTS FAIL, WILL IMPACT UPON FUTURE RESPONSIBLE AND RELIABLE LOAN PAYERS.

3. WE NEED TO KNOW A LOT MORE ABOUT WHY THE RATES ARE HIGHER IN SECTORS PRODUCING THE GREATEST ACCESS AND SUCCESS TO GRADUATION FOR MINORITY AND LOW INCOME STUDENTS BEFORE CONSIDERING ANY LEGISLATION WHICH IS DISCRIMINATORY IN ITS IMPACT ON INSTITUTIONS WHICH SERVE THEM.
4. NO ONE ANTICIPATED THE HEAVY CURRENT USE OF GSL AMONG LOW INCOME POPULATIONS THAT HAS OCCURRED IN THE LAST FIVE YEARS. IF ONLY THE NDSL HAD BEEN AVAILABLE IN THIS LAST FIVE YEAR PERIOD, FINANCING COLLEGE ATTENDANCE WOULD HAVE BEEN DIFFICULT TO IMPOSSIBLE FOR A VERY HIGH PROPORTION OF LOW INCOME STUDENTS.

RECOMMENDATIONS

THE NAFEO INSTITUTIONS ENDORSE DUE DILIGENCE EFFORTS TO PURSUE STUDENTS ONCE THEY HAVE LEFT INSTITUTIONS, INCLUDING THE WITHHOLDING OF TRANSCRIPTS IF THIS CAN BE DONE LEGALLY. WE ALSO RECOGNIZE THE SEVERITY OF THE FEDERAL BUDGET DEFICIT, AND THEREFORE ENDORSE THE SPIRIT AND PURPOSE OF THE SIMON BILL BECAUSE IT FACILITATES A PARTNERSHIP AMONG ALL PARTIES INVOLVED WORKING TOWARD THE REDUCTION OF DEFAULTS. AT MORGAN WE HAVE

ALREADY INITIATED DEBT MANAGEMENT SEMINARS DURING THE SUMMER FOR FRESHMEN. NEXT SEMESTER SESSIONS WILL BE HELD FOR UPPERCLASSMEN. THE SEMINAR DEALS WITH WHAT KIND OF DEBT STUDENTS ARE INCURRING, THEIR RESPONSIBILITIES, AND WHAT THEY NEED TO DO.

HOWEVER, THERE ARE LIMITS TO WHAT INSTITUTIONS CAN DO. APPENDIX A REFLECTS THE KINDS OF SELF-REGULATORY PROCEDURES AND COOPERATIVE ACTIVITIES WHICH WE ARE WILLING TO EXPLORE AND WHICH ARE CAPTURED BY THE SIMON BILL.

A CRITICAL STEP IN THE PROCESS IS FOR THE FEDERAL GOVERNMENT TO INSIST THAT THE LENDING INSTITUTION APPLY THE SAME COLLECTION STANDARDS TO THESE LOANS AS THEY WOULD TO REGULAR BORROWERS. THE LENDING INSTITUTIONS HAVE BOTH THE LEGAL RIGHT AND THE ADMINISTRATIVE, LOGISTICAL SUPPORT SYSTEM TO APPLY SANCTIONS AND TO GET RESULTS. THAT'S THE NATURE OF THEIR BUSINESS! WE ALSO BELIEVE THAT THERE SHOULD BE SOME DEFAULT PREVENTION AMENDMENTS TO THE GUARANTEED STUDENT LOAN PROGRAM TO INSURE THAT BORROWERS UNDERSTAND THE OBLIGATIONS WHICH THEY ARE INCURRING, AND TO IMPROVE THE ARITICULATION BETWEEN BORROWERS AND LENDERS AS BORROWERS LEAVE THE INSTITUTION AND ENTER REPAYMENT.

AT A DECEMBER 9, 1987 NAFEO MEMBERSHIP MEETING IN NEW ORLEANS, LOUISIANA, A CONSENSUS STATEMENT WAS DEVELOPED AND IS AMENDED HERETO (APPENDIX B).

FINALLY, MR. CHAIRMAN, WE BELIEVE THAT A NATION WHICH SPENDS 3 BILLION DOLLARS TO BUILD A SPACE PLATFORM, 8 MILLION A MONTH TO WAREHOUSE THE HUBBLE TELESCOPE AND 1 MILLION TO PUT A SINGLE PERSON IN ORBIT, SURELY CAN APPROPRIATE MORE HIGHER EDUCATION DOLLARS AND STUDENT AID MONEY TO ASSIST COLLEGES IN GETTING STUDENTS OFF THE WELFARE ROLL AND ON THE SELF-CARE PAYROLL. WE FURTHER BELIEVE THAT THE 75 BILLION DOLLARS CURRENTLY BEING SPENT ANNUALLY ON SOCIAL PROBLEMS ASSOCIATED WITH EDUCATIONAL DEPRIVATION WILL INCREASE IF ACCESS IS DIMINISHED BY ARBITRARY THRESHOLDS AND WILL MAKE A REALITY THE PROBABILITY THAT 70 PERCENT OF ALL BLACK MEN WILL BE LOCKED INTO A CYCLE OF UNEMPLOYMENT BY THE YEAR 2000.

THANK YOU FOR YOUR CONSIDERATION.

APPENDIX A

DEFAULT PREVENTION AMENDMENTS TO THE GUARANTEED STUDENT LOAN PROGRAM

Listed below are specifications for amendment of the Higher Education Act to reduce the incidence of default in the Guaranteed Student Loan program. The suggestions are listed according to the principal GSL participant that would be affected.

A major emphasis of these amendments is to insure that borrowers understand the obligations which they are incurring, and to improve the articulation between borrowers and lenders as borrowers leave the institution and enter repayment.

These recommendations do not have the formal endorsement of any higher education association. Nevertheless, they have been developed in consultation with the associations as reasonable steps which could be taken to strenthen existing authority without major substantive program changes. They would supplement the changes made in the Higher Education Amendments of 1986 and other recent legislation to reduce defaults, which have not yet had time to yield results.

EDUCATIONAL INSTITUTIONS

o Institutions should have the authority to withhold loan proceeds until the borrower had completed at least one month of classes.

o The responsibilities of educational institutions for loan counselling, information, reporting on borrower status, and providing exit interviews should be codified in a single section of the legislation and a list of these responsibilities should be sent to institutions on a regular basis.

o Institutions should provide the information on financial assistance mandated in sec. 485 for all applicants for admission to the institution; currently they are required to provide this information to all current students, and to prospective students on request. The requirements of this section should be expanded to include information on the rights and responsibilities of students who borrow under this title, including a statement on the consequences of defaulting on a loan.

o Institutions should require that all borrowers sign a form at or before the time of disbursement of the first loan made after enactment of this legislation outlining the terms and conditions of the loan, and the rights and responsibilities of borrowers. At the time of the exit interview, borrowers should also be required to provide their next address, and other reference data which would help in locating the borrower, such as, address of next of kin, driver's license number, etc.

o Institutions should be authorized to be lenders of first resort to their own students.

o Institutions should be required to withhold second semester GSL disbursements checks until the student has enrolled for that semester.

o Institutions should be required to develop and review periodically a default prevention policy and plan. The Education Department would not be permitted to promulgate regulations for such plans.

o Institutions should be authorized to withhold academic transcripts from borrowers who have defaulted on loans until they have received notice from the state guaranty agency that the borrower has reentered repayment.

o To be eligible for an SLS, undergraduates must have received either a formal determination of eligibility for Pell Grants and other need-based aid, or a preliminary determination from the institution.

o The amount of the GSL shall not exceed need as certified by the institution.

o Institutions should be able to cancel or reduce the disbursement of the second installment of a GSL for students who receive additional financial aid from other sources.

LENDERS AND SERVICERS

o The holder of a loan should be required to send a copy of the first delinquency notice and final demand letter to the guarantor.

o If holders deny forebearance to borrowers who request it, they must provide the borrower and guarantor with reasons in writing for the denial.

o Multiple disbursement should be required for Supplemental Loans for Students.

o Holders should be required to communicate with borrowers within 120 days after borrowers have left school when repayment of loans must begin, and to notify the institution of this action.

o The original lender and subsequent holders of the loan should notify the borrower within 30 days of the sale of the loan.

o Under multiple disbursement, lenders should not be permitted to receive any subsidy until the check to the borrower is cashed.

GUARANTORS

o Guarantors should be required to expand and standardize the existing confirmation reports providing at least quarterly information on delinquencies, defaults, and any change in borrower status, in addition to the current information provided on in-school status of borrowers. Institutions should take any necessary steps, including reporting information about new addresses for students who are delinquent or in default.

DEPARTMENT OF EDUCATION

o The Department should prepare a regular series of reports on the propensity of borrowers to default, including the socioeconomic status of borrowers before and after their postsecondary program, academic progress and background, type and control of institution attended, guarantor, and type of lender.

o The Department should be required to implement the existing authorization for the establishment of a national student loan data system to enable guaranty agencies to identify borrowers who are in default or have exceeded loan limits.

o The Department should develop and publish an annual default rate for the GSL program similar to how banks measure their loss rates in other types of loan programs. The annual rate should be defined as the remaining principal on loans which defaulted in a given year divided by loans that were in repayment during that year. The annual rate calculation should also include a net default rate that reflects the amount of collections in that year on defaulted loans.

o The Department shall be required to develop a plan, and publish it for comment in the Federal Register, to conduct program reviews of all institutions and lenders at least once every three years. The Department shall report to Congress annually the results of these reviews.

o The Department should conduct program reviews of state guaranty agencies on a biannual basis.

o The Department should be required to reestablish substantial programs of training and information dissemination for lenders, guaranty agencies, students, parents, counselors, and institutions.

CONGRESS

o Congress should extend the IRS authority to capture federal income tax refunds of borrowers who have defaulted; this authority expired September 30, 1987.

COST SAVING IMPLICATIONS

The IRS authority would be responsible for $140 million in collections in FY88. While the rest of the proposed amendments would establish preventive measures which could be expected to achieve significant reduction in defaults over the long run, they would not result in appreciable short-run savings.

APPENDIX B

Addendum to Testimony
given by
Dr. Earl S. Richardson, President
Morgan State University, Baltimore, Maryland
on behalf of
The National Association for Equal Opportunity in Higher Education (NAFEO)
before
The Senate Education Subcommittee, December 11, 1987

* * * * *

Concensus Statement of NAFEO Presidents/Chancellors attending the NAFEO Annual Membership Meeting, December 10, 1987, New Orleans, LA

We concur that the Guaranteed Student Loan (GSL) default problem is very critical in light of current fiscal austerity and must be addressed to maintian public confidence and support of the program. Monies presently used to cover defaults could be shifted to other student aid programs, such as Pell, which have not been increased yearly to keep pace with inflation, thereby necessitating heavier dependency on loan programs. We support the notion that solutions to the problem will require a stronger partnership between lenders, guarantors, institutions, and federal agencies. However, we do not feel that institutions should be required to perform the functions of lending institutions or be held responsible for correcting problems resulting from past inadequacies of the financial community; rather, institutions should voluntarily enhance their due diligence practices aided by federal agencies and the financial community.

Moreover, we are opposed to legislative and regulatory remedies which are based on institutional default rates and would eliminate institutions that exceed arbitrary thresholds, such as the Department of Education's plan announced November 4, 1987. For the most part, current data used by the Department and other agencies are faulty as determined by the Inspector General. Given this fact and the fact that institutions do not perform a lending function, institutions should not be held responsible for reducing default rates that are inaccurately computed and result from circumstances that are not understood and/or are beyond the control of the institution.

We strongly urge the Congress to prohibit the Department of Education from implementing its plan to institute limitation, suspension or termination procedures if an institution has not lowered its default rate to 20% by December, 1990 and to initiate immediate investigation of institutions with current default rates in excess of 50 percent. Data are insufficient and not enough is known about the causes of defaults to take actions which might alter patterns of access and choice that this nation has built, deny opportunities for future blameless students, and punish educational institutions which have a very limited role in the lending and collecting processes. Furthermore, we hope that the Congress would institute a series of studies that would accurately identify the total default picture, including number and demographic characteristics of defaulters as well as dollar volume and source of loans in default. Future legislative and regulatory remedies should be guided by the results of these studies.

The NAFEO membership is willing to work with the Congress, the rest of the education community, and other institutions in pursuit of solutions to the default problem. The higher education community has circulated a draft of default prevention recommendations, dated November 17, 1987, which we support in general. Many of these recommendations are embraced by the Simon bill, and we feel that it is a step in the right direction.

MORGAN STATE UNIVERSITY
BALTIMORE, MARYLAND 21239
OFFICE OF THE PRESIDENT
(301-444-3200)

25 January 1988

The Honorable Claiborne Pell
Chairman, Subcommittee on Education, Arts and Humanities
United States Senate
Washington, D.C. 20520-6300

Dear Chairman Pell:

Thank you for requesting my opinions as you continue to deal with the issue of defaults in the Guaranteed Student Loan Program. The issue is extremely timely and complex. However, I trust that these succinct answers to your probing questions will give you an adequate understanding of my position.

If I can be of further assistance, please contact me. Again, thank you for seeking my opinions.

Sincerely,

Earl S. Richardson

Earl S. Richardson
President

SENATOR HATCH'S QUESTIONS

GSL Defaults Oversight Hearings

Question #1

The purpose of federal student financial assistance is to defray the cost of educating an individual through federal resources. Current cost of defaults in the GSL program does not justify modification of this purpose.

Question #2

Our intent, when we say that we "want to deal with the default problem," should be to lower the rate of defaults.

Question #3

I am affiliated with an institution that enrolls a large number of students who utilize the GSL program. The cumulative net default rate as of November, 1987 was 40.3 percent. The rate has increased slightly over the past five years.

Question #4

It seems reasonable to believe that a large majority of students who default are from minority groups where combined parental incomes are below $15,000. Although I feel there are specific measures that must be adopted in encouraging these students to fulfill there financial obligation, I am not in a position at this time to outline them.

Question #5

The only correlation one can make relative to the default profile and a typical student financial aid package is that students who default were normally eligible for student financial aid. Because of this fact, I do not feel financial aid packaging for individual students should be based on a profile of students likely to default. This is discriminatory and leans heavily towards stereotyping students.

Morgan State University

Question #6

Yes, there appears to be a correlation between the default profile and the type of postsecondary institution attended. A vast majority of minority students from families with incomes of less than $15,000 attend historically black institutions. These institutions should not be penalized, therefore, for attempting to eradicate ignorance in our society by admitting and enrolling students who may not pay-off a GSL based on a biased formula.

Question #7

No, I do not feel that replacing GSLs with income-contingent loans will reduce default costs or rates. Students are given GSLs contingent upon their graduating from an institution, landing a good paying job, and thus being able to fulfill their financial obligations. Certainly, since a large majority of minority students come from families with incomes of less than $15,000, these students should not receive GSLs based on their families' incomes. The result would be somewhat skewed and discriminatory.

Question #8

My knowledge of the participation of private as opposed to federal agencies in the GSL program is somewhat limited. However, I feel strongly that private capital should continue to play a large part in this program. Attempts should be made to stabilize federal participation in the GSL program. Further reductions of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986 and "risk-sharing" proposals might serve to discourage the participation of private lenders.

Question #9

The legitimate extent of institutional responsibility should be maintained within the educational process itself. Institutions should only be responsible for disseminating the best possible education to the students.

Educational institutions are not in the business of collecting loans given through external agencies. If students have not learned in four years of study their responsibility in fulfilling their financial obligations, then certainly higher education institutions should not bear the liability of insuring compliance; institutions have fulfilled their purpose by educating them.

Question #10

It is too soon to determine the impact of the multiple disbursement and other due diligence amendments enacted in the 1986 amendments. However, I feel that the multiple disbursement clause may prove effective over the long-run; since some students may become overwhelmed when receiving large lump sums.

Question #11

Persons who default on GSLs should be treated like other lenders, i.e., an obligation to repay the loan. Lending companies should treat GSL defaultees like private citizens when it involves the fulfillment of their financial obligations.

The GSL program should be continued as viable alternative to financing ones education. However, the responsibility for repayment of this loan should rest with the student and the lending institution.

I am not in a position to determine the implications of my estimate of the minimum possible GSL default rate for student aid in general and student loans in particular.

There is a possibility that taxpayers' dollars now spent for default costs may be better spent on grant program or on work-study programs. It would definitely curtail the gross embarrassment to the federal government and to the student receiving the loan.

Question #12

Yes, we need a uniform definition of "default," especially when this same definition will be applied to all individuals in the program. My definition of default is "derelict in the fulfillment of financial responsibility." I am in total agreement that the same should be sufficient to ensure fairness in the rate of calculation. One suggestion would be to base your sample on those persons who normally apply, receive, and are derelict in the fulfillment of financial obligations as related to the GSL.

Question #13

I am not familiar with the subject of reasonable due diligence in collection efforts by lenders to discuss the subject here. However, I believe the federal government should continue to provide assorted financial assistance to students at the least cost to the taxpayers.

Question #14

I believe less than full insurance or reinsurance for lenders and guaranty agencies are disincentives to serve high risk students and thus at odds with providing expanded access to higher educational opportunities. Disincentives to lenders and guaranty agencies should not be proposed or implemented. Instead, there should be incentives for increasing services offered high risk students. Some recommendations are: (1) effective counseling at the institution on financial responsibility; (2) measures of repayment that are consistent with means of repayment; and (3) severe penalties to students for failure to invoke good-faith efforts, following the discontinuance of studies.

Question #15

I am not familiar with a proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students. I am, therefore, unable to determine by how much would their non-eligibility reduce default costs. Neither can I give an estimate of its overall effect on the balance between welfare payments to the unemployed and income tax receipts.

Question #16

I do not feel that action taken by the Department of Education, directly, will decrease sufficiently the net default rate or cost. However, I do believe that the Department of Education working cooperatively with other federal agencies like the Internal Revenue Service could possibly have a positive affect on the default rate or cost; guaranty agencies must take the lead in ensuring the success of this effort not DOE.

Question #17

I do not feel that "just" withholding transcripts will have an appreciable effect on the default rate. However, I do believe that agencies like IRS should be able through the assistance of the institution, guaranty agencies, and DOE, to locate students via their social security numbers and thus penalize them for non-payment of financial obligations.

Question #18

Standards for coping with default rates or costs should not be contingent upon the type of institution attended. Students who normally default are located in all types of institutions, therefore, the standards should be applied to the students, not to the institutions. The granting of GSL should not be based on the type of institution a student wishes to attend. The granting should instead be based on the student's financial need with further understanding that the student's ability to pay-back the loan will be based on subsequent employment. When the standards are applied to students and not institutions, the question of responsibility of higher education in addressing differential default rates at different types of postsecondary institutions becomes, to say the least, "moot."

Question #19

I cannot answer this questions since I am not familiar with proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost.

Senator PELL. I would like to mention at this time my own personal philosophy, which is that I don't think there is anything magic about the idea of 12 years of education being all one has a right to, and after that, you have to pay for it. I think the time will come when we will provide a new kind of floor, just as we did 100 years ago with moving from 6 or 8 years of formal education to 12.

But we are faced now with the situation where there is a danger to the present educational programs. It is not a perfect world, and we do not have this idea which I would like to see sometime of the 16 years of education as a matter of right.

So for the time being, we are faced with this tremendous default cost, and we have to take arbitrary actions to bring it down, or all educational programs will founder. We also have the psychological problem, as I mentioned earlier, of millions upon millions of young Americans starting out in life as deadbeats, which is not a good idea either.

One suggestion that has been made is that we drop the 60 percent cap on the Pell Grants. I was wondering if any of you had any view with regard to that?

Dr. RICHARDSON. The 60 percent cap. Would you explain a little bit more?

Senator PELL. In other words, the Pell Grant cannot ever occupy more than 60 percent of the cost of education.

Ms. ROEMER. One of the things that we would like to suggest as a possible solution might be to do that very thing especially for the entering freshman. If you do that and gave that freshman the opportunity to get in school to see exactly where he is going, and to pursue that education, giving him a little more funding before he has to turn to a loan, I don't think you would see that meeting a whole lot of objection from a lot of the financial aid community.

Senator PELL. Thank you.

Do any of you have any particular suggestions as to what the schools should be doing? I know you have touched on it in your testimony, but is there any burning thought that any of you have as to what the schools can do to help reduce the rate of default?

Dr. Richardson.

Dr. RICHARDSON. Well, I think, Senator, we completely agree with the pre-loan counseling. I think that is fundamental and has to be done.

I think it is also important for us to continue to advise students throughout the educational tenure at the institution that you will incur an obligation after you leave to repay these loans.

So the exit counseling is also a fundamental and basic piece.

Beyond that, I have heard some of the suggestions about denying students access in their transfer from one institution to another, and I think one of my colleagues here has said already that that is troublesome in terms of your ability to enforce that legally.

I have also mentioned the idea about the withholding of the transcripts.

For other kinds of indebtedness to the institution, the withholding of the transcripts has been a very effective tool. But in those instances where the loan money has been used to pay off the indebtedness to the institution, and the student owes us no more money, then we cannot legally withhold the transcript from that student. So we are constrained in some approaches to this whole problem.

Senator **Pell**. Good.

Ms. Vreeland.

Ms. **Vreeland**. Senator Pell, in addition to what the institution does in the schools—and we also agree with Mr. Richardson in relation to counseling of the student both when they enter the institution and as they are going through their program and as they leave—one of the recommendations we are making is that we require lenders and services to send us a copy of the first delinquency notice and final demand letter to the education institution, so that we can participate in finding the student once they have left the school, and giving further guidance to the student as to their responsibility. So that is after they have left the programs with us.

Senator **Pell**. Very good.

Ms. Roemer.

Ms. **Roemer**. Senator Pell, I just want to emphasize again that we do all that at Tarrant County Junior College. We do the preloan, we do the 60-day followup, we do many of those other things, and we still do have, if you figure a default rate the way the Secretary does, a high default rate.

I just think we need to keep that in mind as we start setting arbitrary 20, 27, 30 percent cutoffs.

Senator **Pell**. Thank you.

Senator Mikulski.

Senator **Mikulski**. Thank you, Mr. Chairman.

I regret I was not here to really introduce Dr. Richardson to the panel. In addition to being an able spokesperson for the National Association for Equal Opportunity in Higher Education, he is the President of Morgan University, one of the most prestigious historically black colleges in America. I am honored that it was in my Congressional District and is in the State of Maryland.

This is someone who really, the Committee should take note of, in terms of his experience and his competency in suggesting ideas to us.

Dr. Richardson, you heard me ask Secretary Bennett about the unintended negative consequences of his proposed regulations; and you heard both what he and the others said about it, that essentially, if you did better screening of your freshman applicants, the default rate would go down.

Would you care to respond to that? And if we could use as a cameo either Morgan or any other university, does the default occur, really, in the category that he talked about, or is it some of the concerns I had, that essentially, women, people of color, start out at a low scale, and even when they get a college education are not making mega-bucks, and therefore have a hard time with the repayment of the loan?

Is it default because of dropout, or is it default because of problems with repayment?

Dr. **Richardson**. Thank you very much, Senator Mikulski.

I listened with interest as you asked the Secretary the question, because there is also the notion that there is a correlation—necessary correlation, I should say—between default rate and the quality of the institution. I am not sure that that is a correct assessment or that that indeed is a true statement.

I think you will find in some instances, or in many instances, that yes indeed, many of the defaulters are persons who did drop out, who did not complete a course of study. I would not suggests that that reflects poor quality. I would say it suggests that that institution, number one, has high standards, because if it did not have those standards then those students would not have dropped out for academic reasons, because that is one of the reasons they drop out.

Now, I think there is another side to that that says indeed, our institutions do indeed admit a number of students who do not have the high SAT scores or who, for some reason, are not as prepared as some of our better students. That is the lower end of the scale of our institutions.

What we have tried to do for those students, however, is to provide academic support programs that existed many years ago at many of our historically black universities, but because of lack of funding in the last 10 to 15 years, that money has dried up, and we have not been able to do that.

I think now with all the national debate about increasing the number of minority students in higher education, many of the funding agencies are becoming more sensitive to providing moneys for pre-college programs, for freshman studies programs, that help bring our students up to the standards rather than lower the standards.

I also think that the groups of students that were identified in terms of low income, in terms of minorities, in terms of those students that really need education most are the ones that indeed would be hurt if we do not watch how we craft the policy to address the issue of default.

Senator MIKULSKI. Well, I know if the doors of Morgan University closed some years ago, I know that certainly, Baltimore would have suffered; I know Maryland would have suffered.

I know what segregation in both elementary school and higher education meant in Baltimore. As you know, our first elected black Mayor took office a few days ago. That Mayor is a Rhodes Scholar and a graduate of a prestigious university. But I knew him when he was 12 years old, when we were just coming out of desegregation battles in school systems, and his mother and I were social workers together, and because of segregation, we could not have had a cheeseburger in downtown Baltimore. And it was because of schools like Morgan that people like Kurt Schmoke could get an education, even though he is not a Morgan graduate——

Dr. RICHARDSON. Yes. His mother is a graduate of Morgan.

Senator MIKULSKI. Yes. His mother is a graduate of Morgan, was a social worker, and was able to help raise that young man. I feel that if that door had closed on him and others like him, the door would have closed on Baltimore, the door would have closed on Maryland, and the door would have closed on America. And this is why I have a great deal of concern about these issues and the unintended negative consequences of reform and regulation.

Dr. RICHARDSON. Yes. Senator, there is also one other thing that is kind of disturbing about the tone of the discussions, oftentimes, on the default rate. And it is particularly disturbing to those institutions who are publicly-supported institutions in the business of educating as opposed to profitmaking.

The inference is that we are going to get some of these schools out of business that are not serving the students. Well, again, I think the point was made—we don't make money at a public institution. We are trying to get dollars to make sure we educate a group of people that have been under-represented in our society.

And I think when we have the debate couched in getting rid of institutions who take a bag of money from the Federal Government to the bank, it sometimes scares us.

Senator MIKULSKI. Thank you, Dr. Richardson.

I know that the panel must move on, but there is another issue, which is not to be addressed today, and that is the issue of loan repayment. It is a source of enormous concern to this Senator and I know to the people here. To go back to my opening statement, the first mortgage that our kids have is their higher education debt. And this debt is so significant, it often precludes home ownership at a later date and a variety of other kinds of concerns.

I would hope that the national associations would think of some proposals for the Congress to address debt repayment. I am a big believer in debt repayment perhaps by sweat equity, or some type of public service—perhaps a two-year program in a teacher corps, a two-year program in something else—where we could benefit from the education of those young people and the investment we make in them, but then, by some type of other activity they could quickly pay off that debt.

Alaska has a "native son and daughter" policy; if you stay in Alaska and work, 50 percent of your debt is reduced.

I am trying to look at other areas to help graduates of those schools do that, and perhaps also keep some people in public service. You know what it is like even in your own institutions to attract faculty—engineering, science, and so on.

Dr. RICHARDSON. Yes.

Senator MIKULSKI. So we would really welcome those ideas—it is not appropriate for this hearing—and really, each and every one of you, though I focused my questions on Dr. Richardson, your information would be very helpful.

Thank you, Mr. Chairman.

Senator STAFFORD. Thank you, Senator Mikulski.

To show you how closely this Committee works, I understand that between Senator Pell and Senator Mikulski, they have asked all of the questions that I had intended to ask, and in consequence, I have no questions for you.

I see the Chairman is back. I was about to thank you all but he will do that, and then we will go to the next panel.

Senator PELL. Thank you very much indeed, Senator Stafford.

I have already asked the question that was most in my mind on the 60-percent cap, whether that should be removed, so I have no more questions.

Thank you very much for being with us. The inconvenience you went to in coming, I particularly appreciate it.

We will now go on to Panel 2: Mr. Lawrence Gladieux, Executive Director of The College Board; Dr. Dallas Martin, an old friend of this Committee, Executive Director, National Association of Student Financial Aid Administrators; and also, Charles Saunders, Senior Vice President, American Council on Education, also very familiar with these hallowed halls.

Mr. Gladieux, would you proceed?

STATEMENTS OF LAWRENCE E. GLADIEUX, EXECUTIVE DIRECTOR, WASHINGTON OFFICE, THE COLLEGE BOARD, WASHINGTON, DC; DR. DALLAS A. MARTIN, JR., PRESIDENT, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, WASHINGTON, DC; AND CHARLES B. SAUNDERS, JR., SENIOR VICE PRESIDENT, AMERICAN COUNCIL ON EDUCATION, WASHINGTON, DC

Mr. GLADIEUX. Thank you, Mr. Chairman. I will be brief. The hour is late.

I am Larry Gladieux, Executive Director of the Washington Office of the College Board, an association of schools and colleges that has been engaged in fostering educational access for American citizens for 87 years. I thank you for this opportunity to testify on this important topic, and I applaud this Subcommittee's resolve to address these difficult issues while sustaining the objective of Federal assistance, helping people realize their educational aspirations.

My written statement, which I will summarize very briefly here, presents an overview of trends in student aid, in financing students and in enrollments, followed by some personal observations on the drift of current Federal policy and the need to reconsider the design of existing programs.

The immediate focus is on quick, short-term remedies, but the history of GSL is one of patchwork. And I suggest the Subcommittee may want to explore possibilities for broader restructuring of the student assistance effort that, over the long haul, may be more effective in reducing default rates to acceptable levels and ultimately serving students better.

Let me begin by calling your attention to a report which I have attached to my statement, released just two weeks ago by the College Board. This is the latest in a series of reports that we have made to try to present the sources, amounts and forms of aid available to students, in figures that represent both constant and current dollars, so we can show the real purchasing power of assistance available to students over time.

The full analysis of the numbers is contained in the report. Here, let me summarize recent trends in student financing by comparing the current decade with the last decade.

During the 1970s, grant assistance was much more common than borrowing for needy students. The growth of aid during that decade far outstripped tuition increases; and family income rose faster than living costs.

In the 1980s, the trend lines are exactly the opposite. During this decade, more students are chasing fewer inflation-adjusted dollars; more of those dollars are on credit—loans; college cost increases have often doubled the Consumer Price Index; and family incomes have barely kept up with living costs.

Table 2 of the attached report, "Trends in Student Aid," details the degree to which student aid has lost ground to inflation—16 percent in Federal programs, 6 percent from all sources. State and institutional programs have made up for some of the Federal losses.

At the same time, these shrinking funds are being shared by more students each year, particularly as students enrolled in proprietary vocational schools increase their participation in the programs. And of course, there has been a dramatic shift, as we have heard through this morning's testimony, in the composition of the aid pool, with student loans emerging as the most common form of assistance.

These trends have particular significance for disadvantaged and minority students. While historical and recent data on college enrollment by income and race are incomplete and inconsistent, the weight of the evidence, I think, is very clear. The country made considerable progress during the Sixties and Seventies in opening higher education to previously under-represented groups. But in the 1980s, we are losing ground; on dimensions of both economic class and race, college opportunities are narrowing.

Now, the causes of this are elusive. Some observers point to the quality of early schooling, but in fact, SAT scores of blacks have been increasing in recent years; and more black high school students are taking academic rather than vocational programs. Changing perceptions of the value of a college degree among low-income black and other minorities seem to be part of the explanation.

But the trends in financing students that I have described—the shrinking value of student assistance, the growing reliance on loans—are surely at work.

The prospect of future indebtedness, especially if post-graduation job prospects appear uncertain, may deter a great many students from disadvantaged and minority backgrounds whose families typically have had little or no, or bad, experience with loan financing.

Loans are an essential element in student finance. Not all students are overburdened with debt. But for which students is borrowing appropriate? For which types and levels of education and/or training? At what level of subsidy? On what repayment terms? All these questions I think bear re-examination.

I recognize that Congress only last year reauthorized the Higher Education Act. But today, the fiscal realities are bearing down on these programs. The pressure is on for quick fixes. It may be time, though, to look at longer-range solutions.

Ten years ago, the College Board assembled a group of experts and published a volume of papers entitled, "Student Loans: Problems and Policy Alternatives", edited by Lois Rice. It still stands as the most thorough investigation of all of the underlying issues in this area.

But much has happened in the interim. The line chart I have provided in Figure 6 attached to my statement dramatizes the growth of GSL since the Seventies. All the problems that plagued the program in the last decade—the lack of acceptance in the lending community, uneven access to student loans across the country—have disappeared. GSL is a success story. But the downside has been the mounting expense and risk to the Federal budget, leading to instability and uncertainty as to whether students can rely on the program.

No one imagined in 1965, when the GSL program was established as a program of loans of convenience for the middle class, that it would become the principal form of aid for lower-income students, or for large numbers of students enrolled in short-term vocational training. This dramatic change has happened by policy drift. Nor did anyone imagine that mountain of defaults.

What I want to say is earlier this year, the College Board assembled another study group to consider the implications of the emergence of GSL as the core program in Federal student aid policy. We have enlisted some distinguished higher education leaders and analysts who are listed in my testimony. They represent diverse points of view. And the proposals that are emerging range from fine tuning the current structure to the kind of national service program that Senator Mikulski talked about, and finally, a view that suggests we ought to scrap the current system and replace it with something like a social insurance program, modelled on the Social Security Trust Fund, where students would pay in throughout their lifetime small contributions after receiving benefits from the fund.

I would be glad to share those papers with the Subcommittee, and we would like to help in your deliberations in this very important task.

Senator PELL. Thank you very much. Your full statement will be in the record, and we appreciate those papers very much indeed.

Mr. GLADIEUX. Thank you.

[The prepared statement of Mr. Gladieux, with an attachment, follows:]

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Testimony
to the
Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
U.S. Senate

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of the College Board

Trends in Student Aid and Possible Legislative Remedies to Reduce Student Loan Defaults

December 11, 1987

A nonprofit educational association serving students, schools, and colleges through programs designed to expand educational opportunity

Mr. Chairman and members of the subcommittee, I am Larry Gladieux, Executive Director of the Washington Office of the College Board, an education association that has been deeply engaged in fostering access to higher education for American citizens for over 87 years. It is my pleasure to be here this morning with my distinguished colleagues in response to your invitation for testimony on possible remedies to reduce federal student loan defaults.

I applaud the subcommittee's resolve to address difficult issues while sustaining the objectives of federal student assistance: helping people realize their educational aspirations and helping to equalize college opportunities regardless of individual economic or social origins.

My testimony will present an overview of trends in student financing and enrollments, followed by some personal observations on the drift of current federal policy and the need to reconsider the design of existing programs. The immediate, pragmatic focus of debate is on short-term remedies to deal with an apparent crisis--a growing mountain of defaults. The subcommittee may also want to explore possibilities for broader restructuring of the student assistance effort that over the long haul may be necessary to reduce defaults to acceptable levels, moderate federal costs, create a more balanced federal student aid policy, and, most importantly, serve students better.

Trends in Student Aid

Let me begin by calling your attention to a report we have just released at the College Board, Trends in Student Aid: 1980 to 1987. This is the latest in a series of reports we began in 1983 that attempts to provide the most recent and complete statistics on the sources, amounts, and forms of aid available to students and their families to meet the costs of postsecondary attendance. The report presents figures in both current and constant dollars, the latter representing the real purchasing power of available assistance.

A copy of the report is attached to this statement, along with some supplemental illustrations. I will provide highlights here.

Let me summarize recent trends in student financing by comparing the current decade with the last. During the 1970s:

o grant assistance was more common than borrowing;
o the growth of aid far outstripped tuition increases; and
o family income rose faster than living costs.

In the 1980s the trend lines are quite the opposite. During this decade:

o more students are chasing fewer (inflation-adjusted) dollars;
o more of those dollars are on credit;
o college cost increases have often doubled the Consumer Price Index; and
o family incomes have barely kept up with living costs.

As detailed in Table 2 of the attached Trends in Student Aid, federal aid has lost ground to inflation in the 1980s. In real or inflation-adjusted terms student assistance generated by federal programs declined 16 per cent between 1980-81 and 1986-87. State and institutional efforts during these years have helped to make up for some of the federal losses, however. The real value of state grant aid has grown 47 per cent and the real value of institutionally funded aid has increased an estimated 41 per cent.

Even with these shifts, I might note, the federal government still accounts for the great bulk of funds that help postsecondary students finance their education, contributing more than 75 per cent of available aid (compared to 83 per cent in 1980).

Overall, student assistance from federal, state, and institutional sources declined by 6 per cent in inflation-adjusted dollars between 1980-81 and 1986-87. Thus the purchasing power of total student aid has shrunk during the 1980s. At the same time, both the distribution among types of students and the composition of the pool of aid funds have been shifting.

First, the funds are being shared by more students each year, particularly as students enrolled in proprietary vocational schools increase their participation in federal programs. The percentage of Pell Grant dollars accounted for by students in proprietary schools has nearly doubled during the current decade, from 12 to 22 per cent. National data on GSL borrowing by proprietary school students are not available, but state figures show such students' share of these funds growing as well. More than one-third of GSL lending in some states is to students in proprietary institutions.

Second, the dramatic shift in the composition of the aid pool is the emergence of student loans as the most common form of financial assistance. Loans accounted for 17 percent of aid in 1975-76, 41 percent in 1980-81, and 49 percent in 1986-87. Grant aid has gone from a peak of 80 percent of aid 10 years ago, when the Vietnam-era GI Bill was in full use, to 48 percent now. The shift in the grant-loan balance has been the result of three factors: the winding down of Vietnam-era veterans educational benefits that were generally limited to 10 years after service, the phasing out of Social Security student benefits beginning in 1981, and the substantial growth of federally guaranteed and subsidized student borrowing that began in the late 1970s.

The bar graph in the attached Figure 2 illustrates the shift in types of aid over the past two decades. In the last two or three years the increased reliance on loans appears to have roughly stabilized at just under 50 per cent. But this picture must be qualified by limitations of the data. The loan figures documented in Trends are for the federal borrowing programs available to students and parents--National Direct Student Loans (NDSL) and Guaranteed Student Loans (GSL), including PLUS and Supplemental Loans to Students. As federal eligibility criteria have tightened and college tuitions have risen in recent years, student and parental borrowing outside the federal program structure has grown. The SHARE program, operated by the New England Education Loan Marketing Corporation and aimed at parents with children attending high-tuition schools, is one example of a new, non-GSL, privately-sponsored loan program. A number of states now sponsor supplemental, non-federally guaranteed loan programs as well. And, with the 1986 tax law, borrowing against home equity for educational purposes is no doubt on the increase.

But there is simply no way at the moment to document the amount of such residual borrowing, or even to estimate orders of magnitude of its growth, and we do not attempt to do so in Trends. The federally-sponsored programs continue to generate by far the lion's share of credit financing for students and parents, but other sources are growing. If we could document by how much, Trends would likely show continuation, rather than stabilization, in the shift toward loans in the total system.

The cost of attendance at all types of colleges and universities has outpaced inflation at the same time that the value of student assistance has eroded. Family incomes have not increased as fast as college costs, running only somewhat ahead of general inflation over the past seven years. See Table 6 in the attached edition of Trends.

Lost Ground in Equalizing Opportunity

By all indicators, paying for college has become on average more difficult for students and families in the current decade, with particular significance for disadvantaged and minority students.

In the past year we have read and heard a great deal about declining college enrollment rates for these groups. While historical and recent data on college enrollment by income and race are incomplete and inconsistent, the weight of evidence seems clear. The country made considerable progress during the 1960s and 1970s in opening higher education to previously underrepresented groups. But in the 1980s we are losing ground. On dimensions of both economic class and race, college opportunities appear to be narrowing.

The causes are elusive.[1] The quality of early schooling is sometimes cited, but it's not clear that this factor has changed for the worse during the past decade. In fact, black and other minority student scores on the SAT have been increasing in recent years, and the proportion of black high school students taking academic rather than vocational programs
has been rising.

Changing perceptions of the value of a college degree among low-income black and other minority young people seem to be a factor. Also at work is increasing competition for high school graduates from other sectors of society--the military, business and industry. And the appeal of short-term vocational training courses has probably further reduced the minority presence in collegiate higher education.[2]

All these factors are probably at work. So, too, in all likelihood, is the shrinking value of student assistance--and the growing reliance on loans. Research is inconclusive on the effect of financial aid on student enrollment decisions, but financing surely plays a part. The prospect of future indebtedness, especially if post-graduation job prospects appear uncertain, may deter a great many students from disadvantaged and minority backgrounds, whose families typically have had little or no (or bad) experience with credit financing.

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[1] For thoughtful analysis of the data and possible explanations for the decline, see Solomon Arbeiter, "Minority Enrollment in Higher Education Institutions: A Chronological View." Research and Development Update, the College Board, May 1986; also, Arbeiter, "Enrollment of Blacks in College: Is the Supply of Black High School Graduates Adequate? Is the Demand For College by Blacks Weakening?" Research and Development Update, the College Board, October 1987.

[2] A significant shift of enrollments from collegiate institutions to proprietary vocational schools appears to have occurred in recent years, especially among low-income and minority groups. Such a shift is difficult to document, however, since most of the available data on postsecondary enrollments do not systematically include the proprietary sector.

A Perspective On the GSL Program

To be sure, loans are an essential element in student finance. Not all students, certainly, are overburdened with student debt. But for which students is borrowing appropriate? For which types and levels of education and/or training? At what level of subsidy? On what repayment terms? At what expense to the taxpayer? What trade-offs with other forms of aid, especially grants? What long-run consequences for the financing of students as future federal obligations mount for current and past GSLs?

These questions bear reexamination. I recognize that Congress only a year ago amended and reauthorized the Higher Education Act. But today fiscal realities are bearing down ever harder on the student assistance programs, and the spectre of mounting defaults has intensified the pressure. The history of GSL is one of patchwork. It may be time to look at longer-range solutions, and we at the College Board stand ready to help in any way we can in a constructive search for fresh concepts and approaches.

Ten years ago the College Board assembled a group of experts and published a volume of papers titled Student Loans: Problems and Policy Alternatives, edited by Lois Rice. It still stands as the most thorough investigation of the underlying issues involved in financing, subsidizing, and repaying student loans, the role of government, and the role of private capital markets.

But much has happened in the interim. The line chart in the attached Figure 6 dramatizes the growth of GSL since the late 70s--in outstanding loans (now over $40 billion), annual volume of new loans (over $9 billion), and federal costs ($3.5 billion). Problems that plagued the program in the middle 70s--lack of acceptance in the lending community, uneven student access to loans across the country--have largely disappeared. Almost four million students now borrow through GSL, up from less than one million ten years ago; over 12,000 lenders participate in the program; guarantee agencies operate in all 50 states; secondary market services are widely available through Sallie Mae and other public and private agencies.

GSL is a success story; it has helped millions and millions of students. The downside has been the mounting expense and risk to the federal budget, which in turn has produced relentless pressure for tightening the current structure. As a result, there has been considerable instability and uncertainty about the program itself and whether students can rely on it.

The bar graph in the attached Figure 7 spotlights the growth in GSL costs and changes in the components of cost to the federal government. Defaults now account for more than one-third of the federal expense of the program. The graph also suggests the potential for increased destabilization of the program in the future, should Treasury-bill rates swing upward again to anything like levels experienced earlier in the 1980s. In fiscal 1987 payment of the special allowance to banks accounted for only $228 million, or 7 per cent, of GSL costs. This part of the government's cost exposure is highly sensitive to interest rate conditions, rising $500 million-plus with each point increase in the T-bill rate.

The late Jack Morse, former Vice President of the American Council on Education and member of our College Board study group in 1977, wrote that federal policy was "not devised, it happened." No federal policymaker ever advocated or decreed that students should rely increasingly on debt to finance postsecondary costs. Nor was the structure for insuring and subsidizing private bank loans created according to a coherent set of policy decisions; it happened, and it evolved through legislative patchwork.

In 1965 when the original GSL program was enacted it was largely an unsubidized loan of convenience for the college expenses of middle class students. In contrast, today the Guaranteed Student Loan program has become the principal form of aid for lower income students and for large numbers of students enrolled in short-term vocational programs. This dramatic change has resulted from policy drift, without full examination of the policy implications.

Nor did anyone envision the mountain of defaults that not only threatens taxpayer support for and stability of the GSL program, but also reflects potential harm to great numbers of individual lives. Many one-time students who do not complete their education, or do not find adequate employment, find themselves saddled with bad credit ratings.

Earlier this year the College Board assembled another study group to consider the implications of the emergence of GSL as the central element in federal student aid policy. The group is considering whether GSL in its current form is the right vehicle for student loan financing for the future. What improvements could be made, or are there alternative arrangements that could be more efficient, less costly to the government, more reliable and predictable, and better suited to national policy objectives of fostering educational opportunity?

The study group is made of distinguished higher education leaders and analysts, including: William J. Byron, S.J., president, the Catholic University of America; Joseph M. Cronin, president, Massachusetts Higher Education Assistance Corporation; Arthur Hauptman, consultant and prominent expert on educational finance; Michael S. McPherson, professor of economics, Williams College; and Robert Reischauer, senior fellow in the economics studies program, the Brookings Institution.

The group represents diverse points of view, and proposals that are emerging from the group run a gamut from fine tuning the existing federal program structure to scrapping it and replacing it with student loans provided through a social insurance program modelled in part on the Social Security trust fund.

I would be glad to share the early draft papers and results of the group's deliberations as the study moves along. Our aim is to broaden the range of policy options and to inject some useful ideas and analysis into the policy debate.

I thank you, Mr. Chairman and members of the subcommittee, for this opportunity to share information and perspectives on the complex issues of federal student aid policy. Twenty years ago the federal government undertook to remove financial barriers to higher education for the disadvantaged, while helping the middle class with access to credit to meet cash-flow needs. Policies to carry out these commitments have been blunted and diffused in the 1980s. Time has come to consider new solutions, to regain momentum toward an education system that promotes wide access and freedom of choice.

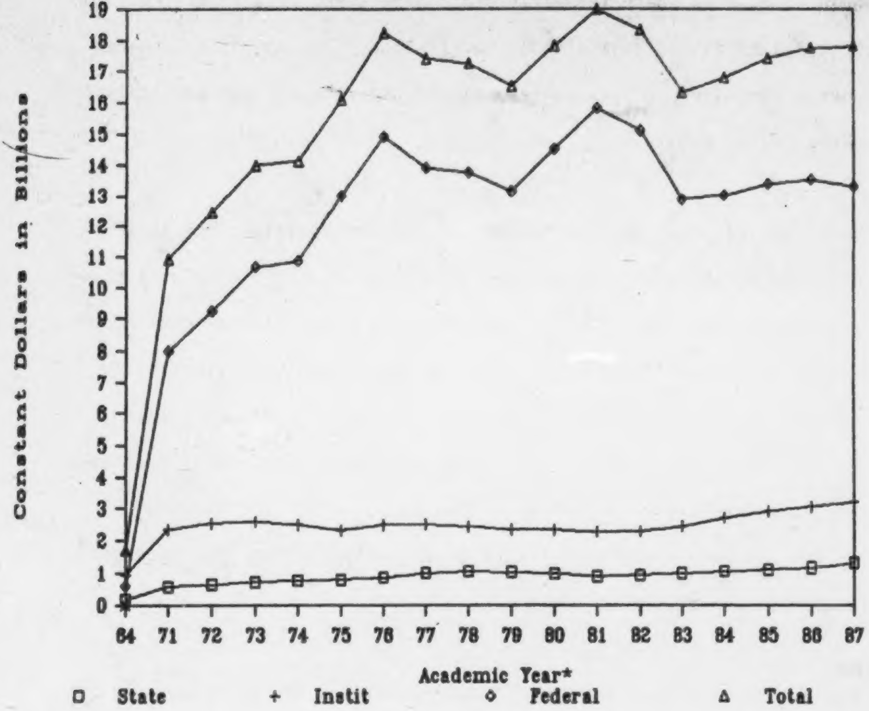
I should underline that the views I have expressed are my own and do not represent a position of the College Board or its member schools and colleges, nor a consensus of the study group that I have described.

I shall be glad to answer questions. The College Board stands ready to assist you in this important undertaking.

Figure 1

STUDENT AID AWARDED:

Federal, State, and Institutional



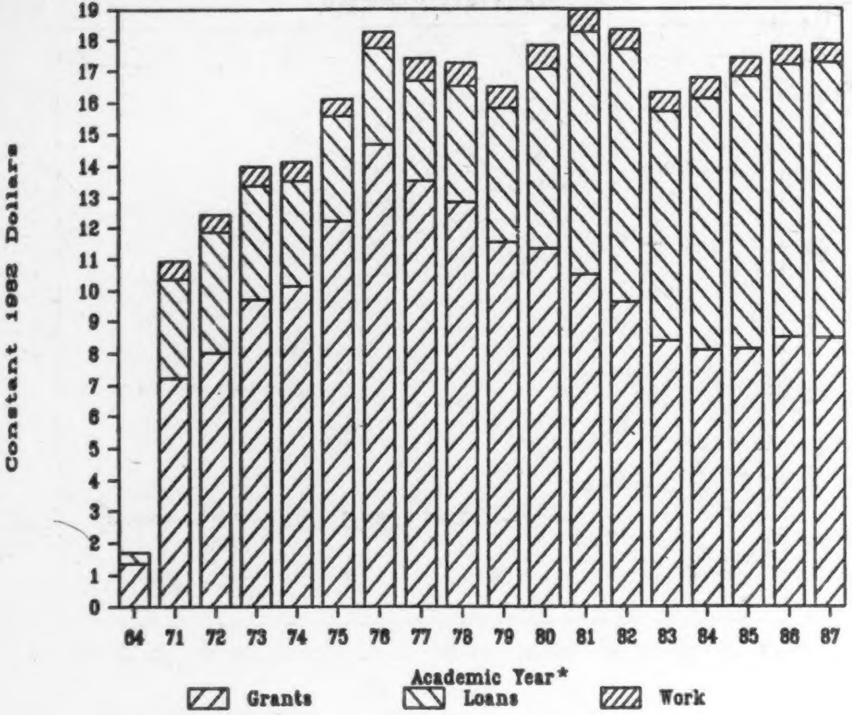
* An academic year is the year in which it ends, e.g., academic year 1974-75 is 75.

Source: The College Board, Trends in Student Aid database.

Figure 2

STUDENT AID RECEIVED THROUGH

GRANTS, LOANS, AND WORK



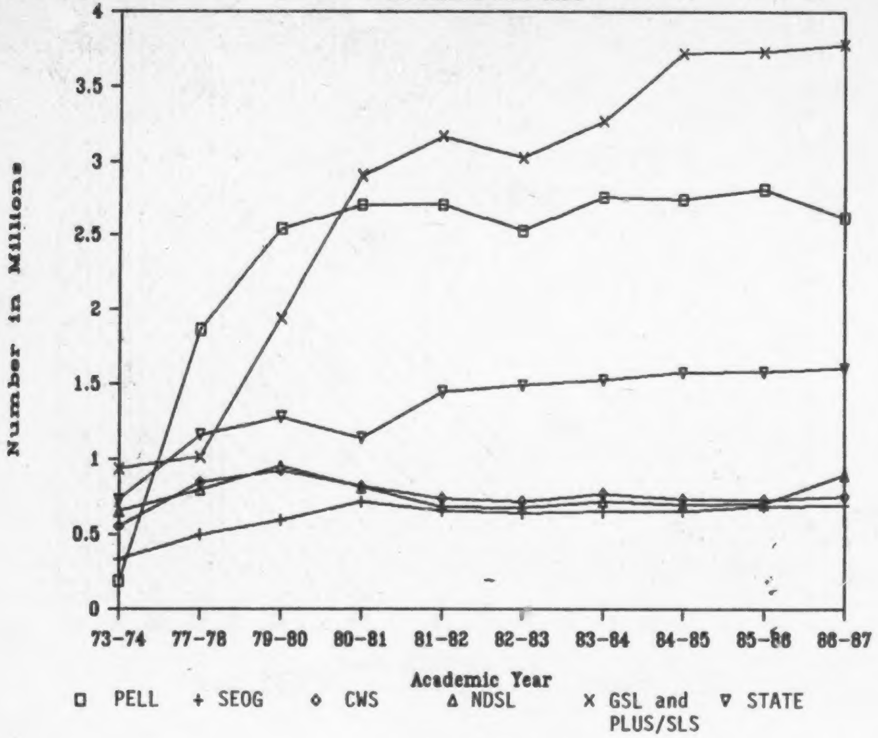
* An academic year is the year in which it ends, e.g., academic year 1974-75 is 75.

Source: Same as Figure 1.

Figure 3

NUMBER OF RECIPIENTS OF STUDENT AID

BY MAJOR PROGRAM

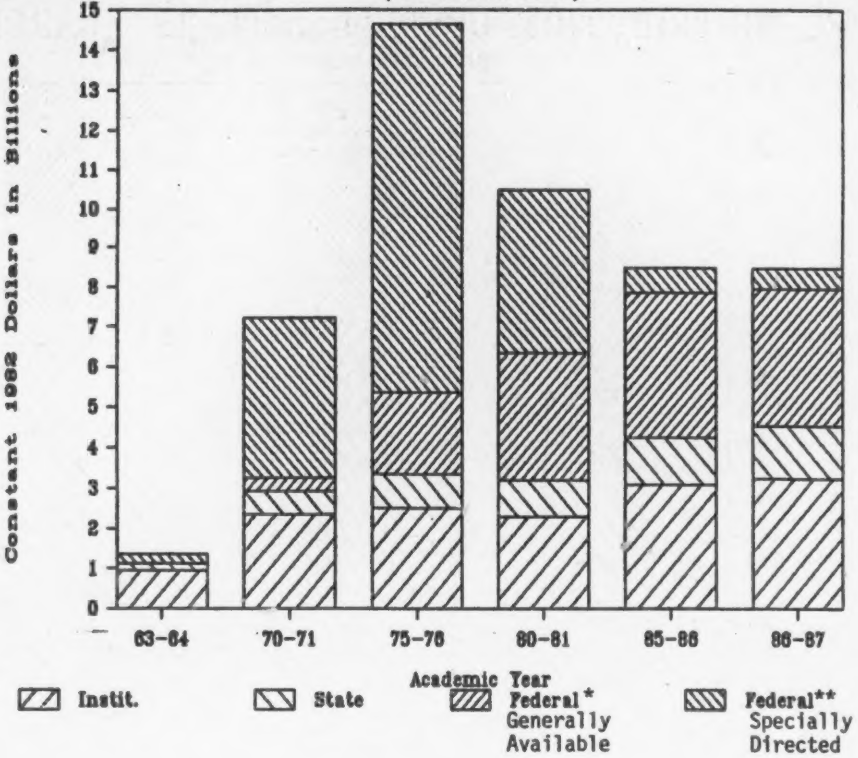


Source: Same as Figure 1.

Figure 4

CHANGING COMPOSITION OF GRANT AID

(For Selected Years)

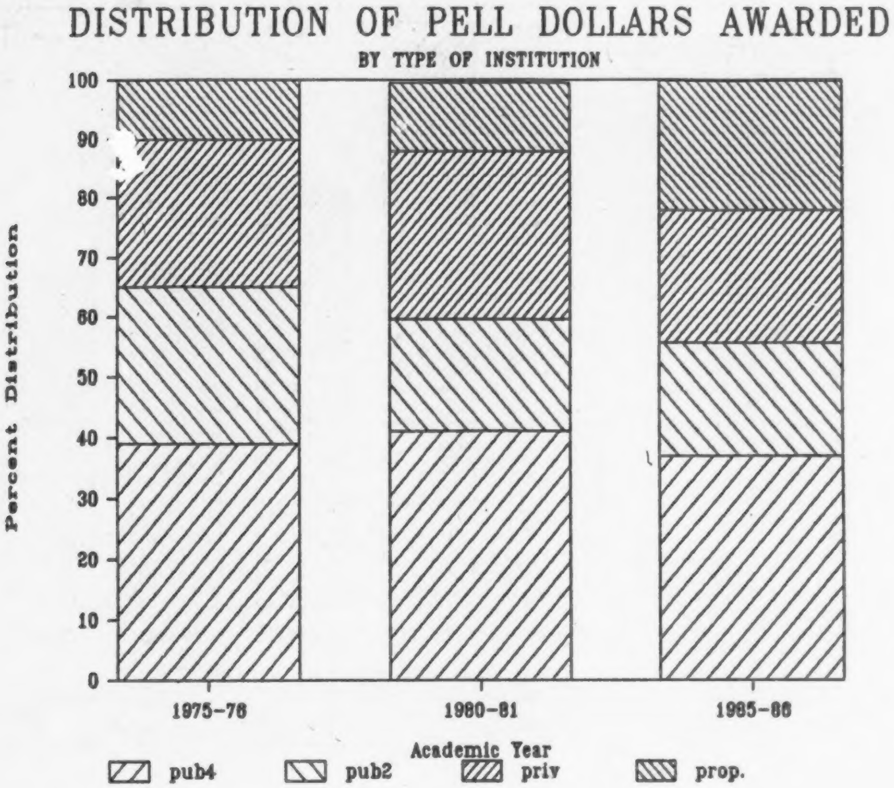


* Includes Pell Grants, Supplemental Educational Opportunity Grants, State Student Incentive Grants and College Work Study Programs.

** Includes Social Security Student Benefits, Veterans Education Benefits, and Other Federal Grants.

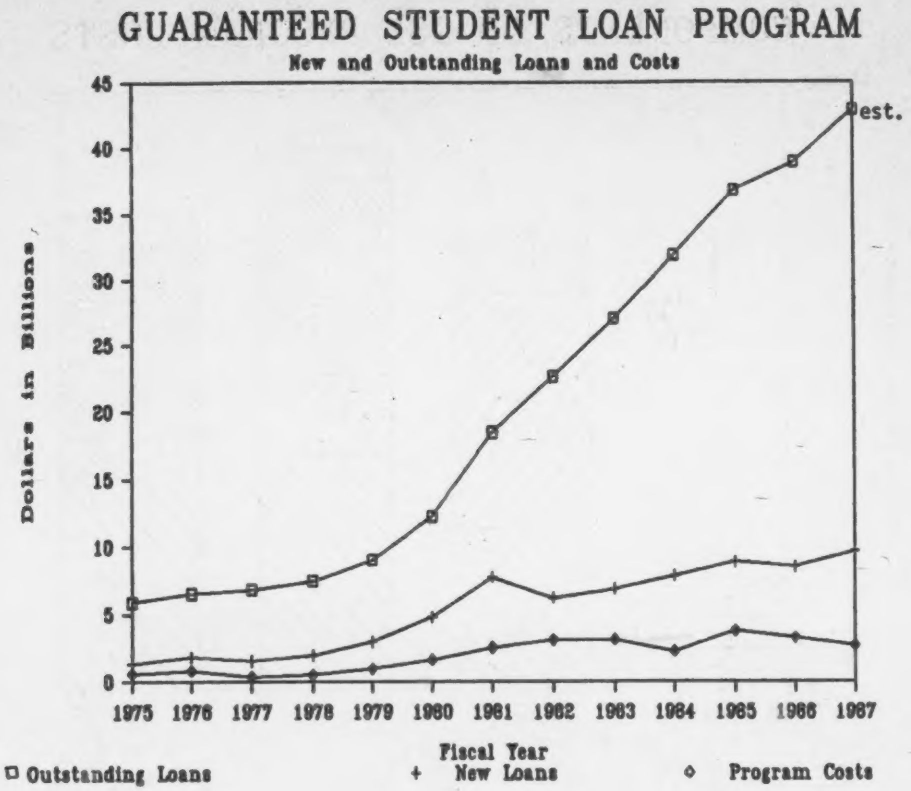
Source: Same as Figure 1.

Figure 5



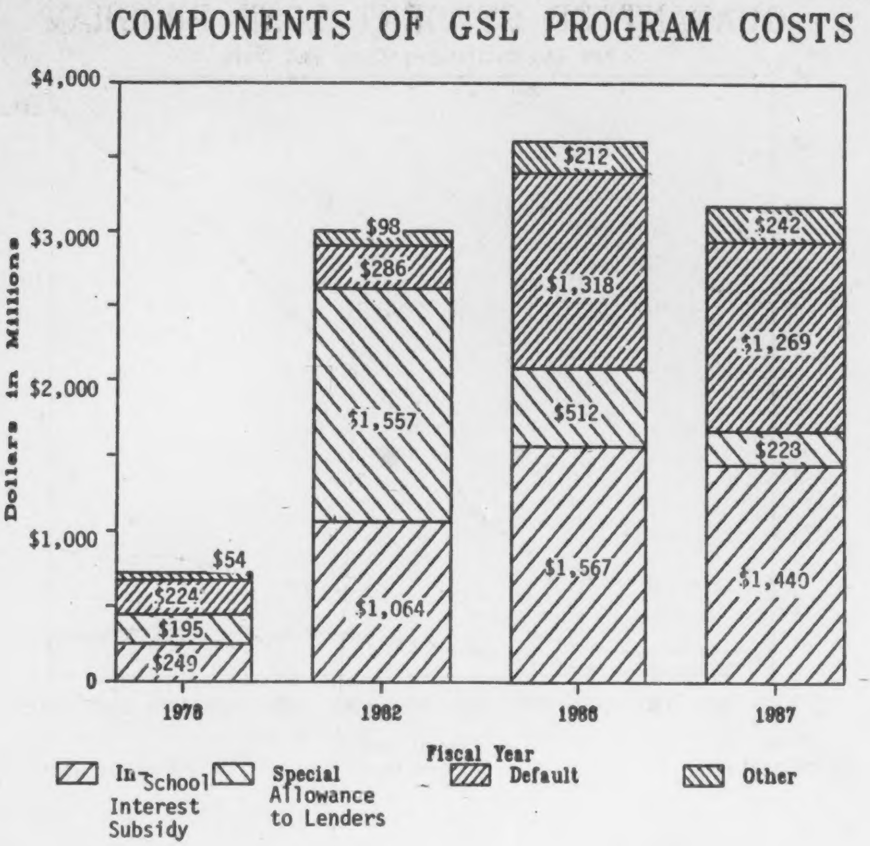
Source: Same as Figure 1.

Figure 6



Source: U.S. Dept. of Education, FY 1986 GSLP Data Book and information supplied on 1987 by Division of Policy and Program Branch, Guaranteed Student Loan Branch.

Figure 7

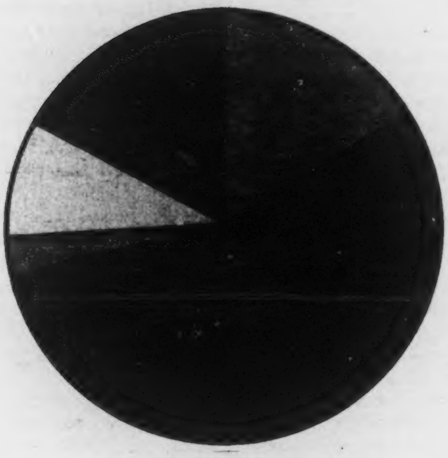


Source: Same as Figure 6.

UPDATE

Trends in Student Aid: 1980 to 1987

November 1987



This report provides the most recent and complete statistics available on student aid in the 1980s, complementing the publication by Gillespie and Carlson, *Trends in Student Aid: 1963 to 1983* (New York: The College Board, 1983). It revises figures presented earlier for the 1980s and, for the first time, gives estimates for academic year 1986–87, replacing two previously published updates *(Trends in Student Aid: 1980 to 1984* and *Trends in Student Aid: 1980 to 1986).*

Gwendolyn L. Lewis and Jamie P. Merisotis produced this report. Janet S. Hansen and Lawrence E. Gladieux provided valuable advice and suggestions. The Washington Office of the College Board conducts research relevant to public policy issues in education. The office is located at 1717 Massachusetts Avenue, N.W., Suite 404, Washington, DC 20036. Phone (202) 332-7134.

Additional copies of this report may be ordered for $6 each from College Board Publications, Department M05, Box 886, New York, NY 10101-0886. The earlier *Trends in Student Aid: 1963 to 1983* may be ordered for $8 a copy from the same address.

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The College Board

Highlights

In academic year 1986–87, financial aid to students in postsecondary education amounted to $20.5 billion. The federal government generated three-quarters of these funds, with states accounting for 7 percent and higher education institutions 18 percent. The largest single source of aid, amounting to $9.1 billion, was the Guaranteed Student Loan (GSL) program (which includes Parent Loans for Undergraduate Students and Supplemental Loans for Students). (See Figure 1.)

Aid available in 1986–87 was 21 percent higher than aid available in 1980–81, when measured in current dollars (that is, dollars unadjusted for inflation). In inflation-adjusted terms (or constant dollars), however, aid declined 6 percent over the period. This loss in aid contrasts sharply with the rapid real growth that occurred during the 1960s and much of the 1970s.

Beginning in the mid-1970s, a significant shift occurred in the proportions of aid provided through grants and loans, with the latter growing from a fifth to half of all aid available. In the last several years, though, the composition of aid appears to be stabilizing. In 1986–87, grants and loans each comprised just under half of all aid distributed; work accounted for the remaining 3 percent.

The shift from grants to loans occurred because student borrowing began to grow rapidly in the late 1970s and because grant aid declined in the 1980s. Two major changes explain the loss in grants: reductions in Vietnam-era veteran educational benefits (limited to use within ten years of military service) and the elimination of Social Security student benefits (phased out between 1981 and 1985). Growth in Pell, state, and institutional grants compensated only partially for the losses in these two large programs. (See Figure 2.)

In 1986–87, federally sponsored aid declined 1.7 percent (in constant dollars) from the preceding year because of enactment of the Emergency Budget Control and Deficit Reduction Act of 1986 (commonly referred to as Gramm-Rudman-Hollings). Increases in state and institutional efforts raised the purchasing power of total aid slightly above its 1985–86 level. Future trends in federal aid will depend on the outcome of ongoing debates about how to reduce budget deficits.

Trends in the number of recipients and average awards by program show a mixed picture. After declining early in the decade, average Pell Grants jumped noticeably by 1986–87, even after adjusting for inflation. The number of Pell recipients peaked at 2.8 million in 1985–86 and then dropped to 2.6 million in 1986–87. The number of GSL loans grew from 1980–81 to 1984–85 but decreased slightly in each of the last two years; the number of PLUS/SLS loans grew steadily throughout the period. Average loans in these programs grew somewhat in current dollars but declined in purchasing power. Campus based programs (Supplemental Educational Opportunity Grants, College Work Study, and Perkins Grants), which received roughly level funding in recent years, show declining average awards when inflation is considered. The number of recipients in these programs generally declined except for the Perkins program, where the number of recipients fluctuated a great deal and is now up. Average combined state grants and State Student Incentive Grants declined in the early 1980s but increased beginning in 1982–83. Over the period 1980–81 to 1986–87 the number of recipients increased by 41 percent.

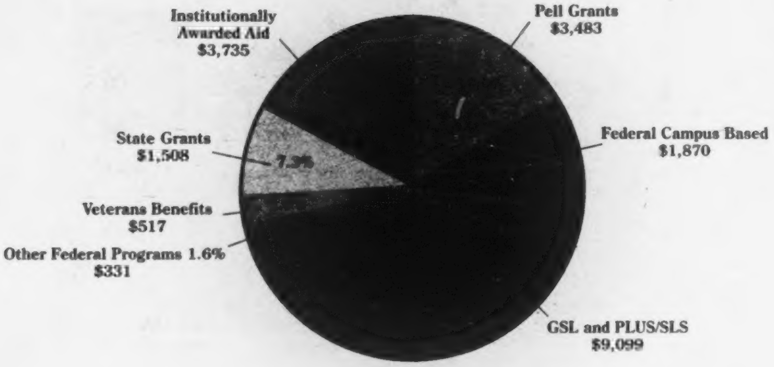
The cost of attending all types of institutions outpaced inflation in the 1980s. Between 1980–81 and 1986–87 tuition, room, and board grew most slowly in the public 2-year colleges (22 percent adjusted for inflation) and most rapidly among private universities (41 percent after inflation). Meanwhile, family incomes increased only slightly more than inflation, and per-capita income rose about 15 percent. Thus, for the average family postsecondary education became more difficult to finance during the 1980s, regardless of the type of institution chosen.

Although data on aid going to students in different sectors of postsecondary education are fragmentary, there has been a shift in at least one major program. For Pell grants, the percentage of aid going to proprietary students nearly doubled between 1980–81 and 1985–86, from 11.5 to 22.1 percent. Two-year public institutions retained a constant share of Pell grants, while four-year public and private institutions saw their shares decline. Campus based aid has been distributed to the various types of institutions in the same proportions throughout the 1980s.

Other details about student aid are shown in the accompanying figures and tables. Readers interested in earlier years' data and a more complete description of the treatment of types of students, sources and types of aid, and the reporting of data by academic year should consult *Trends in Student Aid: 1963 to 1983*. In order to achieve continuity, in this update as in the original we adjust for inflation by converting current dollars to *constant 1982* dollars. Information is provided in the "Notes and Sources" section to allow conversion of current to constant dollars using other years as the base.

Figures and Tables

Figure 1
Estimated Student Aid By Source
for Academic Year 1986–87
(Current Dollars in Millions)



Total Aid Award = $20,545

Notes

Based on data from Table 1.
"Other Federal Programs" includes SSIG, Other Grants, and Other Loans.

Figure 2
Changing Composition of Grant Aid
(For Selected Years)

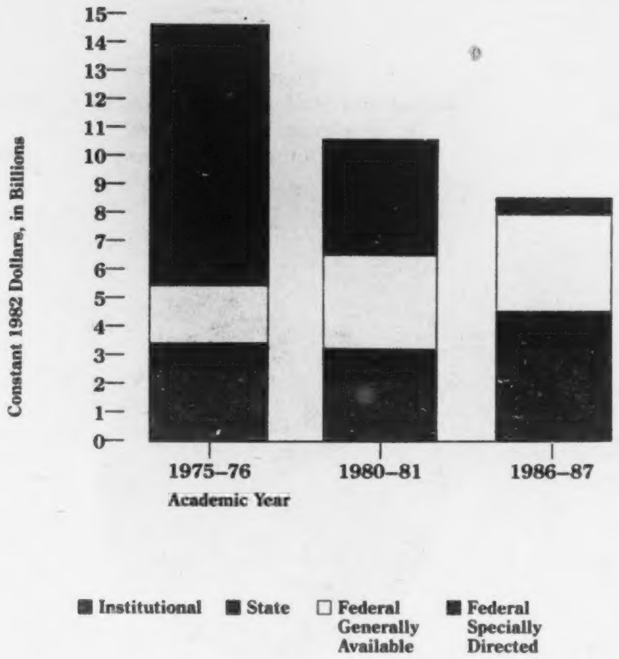


Table 1. Aid Awarded to Postsecondary Students in Current Dollars (in Millions)

	Academic Year							
Federally Supported Programs	**1980–81**	**1981–82**	**1982–83**	**1983–84**	**1984–85**	**Estimated 1985–86**	**Estimated 1986–87**	**Percent Change 1980–81 to 1986–87**
Generally Available Aid								
Pell Grants	2,387	2,299	2,418	2,792	3,035	3,572	3,483	45.9
SEOG	368	362	343	361	374	410	379	3.0
SSIG	77	77	74	60	76	76	73	−5.2
CWS	660	624	615	683	645	656	662	0.3
Perkins (NDSL)	694	580	597	682	677	703	829	19.5
GSL and PLUS/SLS	6,203	7,223	6,694	7,578	8,608	8,839	9,099	46.7
(GSL)	(6,200)	(7,150)	(6,497)	(7,260)	(8,143)	(8,328)	(8,330)	
(PLUS/SLS)	(2)	(73)	(197)	(318)	(465)	(511)	(769)	
Subtotal	10,388	11,165	10,740	12,157	13,416	14,256	14,525	39.8
Specially Directed Aid								
Social Security	1,883	1,996	733	220	35	0	0	−100.0
Veterans	1,714	1,351	1,356	1,033	874	667	517	−69.8
Other Grants	119	102	81	59	56	48	48	−59.3
Other Loans	61	88	157	219	244	248	210	245.2
Subtotal	3,777	3,536	2,327	1,531	1,208	963	776	−79.5
Total Federal Aid	14,165	14,701	13,067	13,687	14,624	15,219	15,301	8.0
State Grant Programs	801	921	1,006	1,106	1,222	1,311	1,508	88.0
Institutionally Awarded Aid	2,060	2,247	2,507	2,881	3,221	3,480	3,735	81.3
Total Federal, State, and Institutional Aid	17,026	17,869	16,580	17,674	19,067	20,010	20,545	20.7

Notes

Several of the federally supported programs include small amounts of funding from sources other than the federal government. For example, College Work Study (CWS) includes contributions by institutions, though most of the funds in the program are federal. Perkins Loans (until this year called National Direct Student Loans (NDSL)) are funded from federal and institutional capital contributions and collections from borrowers.

Federal State Student Incentive Grant (SSIG) expenditures are reported under federally supported aid and are excluded from state awards.

Guaranteed Student Loans (GSL), Parent Loans for Undergraduate Students (PLUS), and Supplemental Loans for Students (SLS) are programs which rely on private sources for their award funding. The federal government subsidizes interest payments and repays defaults. Amounts reported here represent loan commitments rather than actual amounts loaned, but the difference between the two is insignificant.

Veterans benefits are payments for postsecondary education and training to veterans and their dependents. These are often referred to as "readjustment benefits" because they are designed to reacclimate veterans to civilian life. The benefits are authorized under Chapters 34 and 35 of the U.S. Code.

Other grants include Higher Education Grants for Indian Students, Fellowships for Indian Students, National Science Foundation pre-doctoral fellowships (general graduate and minority programs), National Health Service Corps Scholarships, Nursing Fellowships, and fellowships awarded through the Council on Legal Education Opportunity.

Other loans include amounts loaned under the Health Professions Student Loan Program, the Health Education Assistance Loan Program (HEAL), and the Nursing Student Loan Program.

Estimates of institutionally awarded aid in 1985–86 and 1986–87 assume a yearly five percent rate of growth in addition to inflation.

Table 2. Aid Awarded to Postsecondary Students in Constant 1982 Dollars (in Millions)

	Academic Year							
Federally Supported Programs	**1980–81**	**1981–82**	**1982–83**	**1983–84**	**1984–85**	**Estimated 1985–86**	**Estimated 1986–87**	**Percent Change 1980–81 to 1986–87**
Generally Available Aid								
Pell Grants	2,660	2,358	2,377	2,647	2,770	3,168	3,021	13.6
SEOG	410	371	337	342	341	364	329	−19.8
SSIG	86	79	72	57	69	67	63	−26.2
CWS	736	640	604	648	589	582	574	−22.0
Perkins (NDSL)	773	595	587	647	618	623	719	−7.0
GSL and PLUS/SLS	6,913	7,408	6,580	7,185	7,856	7,838	7,893	14.2
(GSL)	(6,910)	(7,332)	(6,387)	(6,884)	(7,431)	(7,385)	(7,226)	
(PLUS/SLS)	(3)	(75)	(194)	(301)	(424)	(453)	(667)	
Subtotal	11,577	11,450	10,558	11,527	12,243	12,642	12,599	8.8
Specially Directed Aid								
Social Security	2,099	2,047	721	209	32	0	0	−100.0
Veterans	1,911	1,385	1,333	979	798	592	448	−76.5
Other Grants	132	105	80	56	51	43	42	−68.3
Other Loans	68	90	155	208	222	220	182	168.6
Subtotal	4,209	3,626	2,287	1,451	1,103	854	673	−84.0
Total Federal Aid	15,787	15,076	12,845	12,978	13,345	13,497	13,272	−15.9
State Grant Programs	893	945	989	1,049	1,115	1,162	1,308	46.6
Institutionally Awarded Aid	2,296	2,304	2,464	2,731	2,939	3,086	3,240	41.1
Total Federal, State, and Institutional Aid	18,975	18,325	16,298	16,758	17,400	17,745	17,820	−6.1

Note

Constant dollar figures are based on data in Table 1. For an explanation of constant dollar conversions, see page 13.

Table 3. Appropriations for Generally Available Federal Aid Programs for Fiscal Years 1981 to 1987 (in Millions)

	Current Dollars							
Program	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**
Pell	1,718	2,604	2,419	2,419	2,800	3,862	3,580	4,187
SEOG	370	370	355	355	375	413	395	412
SSIG	77	77	74	60	76	76	73	76
CWS	550	550	528	590	555	593	567	592
Perkins (NDSL)	301	201	193	193	181	217	209	210
Income Contingent Loan								5
GSL and PLUS/SLS	1,609	2,536	3,074	3,100	2,254	3,798	3,266	2,717
Total	4,625	6,337	6,643	6,718	6,241	8,959	8,089	8,200

	Constant 1982 Dollars							
	1980	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**1987**
Pell	2,072	2,828	2,445	2,363	2,628	3,496	3,162	3,593
SEOG	446	402	359	347	352	374	349	354
SSIG	93	83	74	59	71	69	64	65
CWS	663	597	534	576	521	537	501	508
Perkins (NDSL)	363	218	196	189	170	196	184	180
Income Contingent Loan								4
GSL and PLUS/SLS	1,941	2,754	3,107	3,028	2,116	3,438	2,885	2,332
Total	5,578	6,882	6,715	6,561	5,858	8,109	7,145	7,037

Notes

The Pell Grant appropriation for 1987 includes a $287 million supplemental appropriation that was used largely to offset a shortfall that had accumulated in previous years.

Appropriation figures differ from amounts of aid awarded in Tables 1 and 2 for the following reasons: (1) appropriations in Table 3 have not been adjusted to reflect funds carried backward or forward from one fiscal year to another, (2) appropriations may not equal awards due to administrative costs, (3) appropriations are made on a fiscal year basis while aid awarded is reported by academic year, (4) GSL appropriations do not reflect loans made but only federal expenses for interest subsidies and default payments, (5) all "generally available aid" programs (except GSL) are "forward funded"—meaning that appropriations for a given fiscal year are intended for use by students during the following academic year, and (6) appropriations for Perkins Loans include federal capital contributions and teacher cancellations, but not funds in institutional revolving accounts.

Table 4. Grants, Loans, and Work as a Percentage of Total Aid

	Academic Year						
						Estimated	Estimated
	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87
Grants	55.3	52.3	51.4	48.2	46.6	47.8	47.4
Loans	40.9	44.2	44.9	48.0	50.0	48.9	49.4
Work	3.9	3.5	3.7	3.9	3.4	3.3	3.2
Total Aid	100.1	100.0	100.0	100.1	100.0	100.0	100.0

Notes

Based on data from Table 1.

The category "grants" includes Pell Grants, SEOG, SSIG, Social Security Benefits, Veterans Benefits, Other Grants, State Grant Programs, and Institutionally Awarded Aid. "Loans" includes all remaining programs except CWS, which makes up the "work" component.

Table 5. Number of Recipients and Aid Per Recipient (in Current and Constant 1982 Dollars)

	Pell Grant Program			SEOG Program		
	Recipients	Aid per Recipient		Recipients	Aid per Recipient	
	Number (000)	Current Dollars	Constant Dollars	Number (000)	Current Dollars	Constant Dollars
1980–81	2,708	881	982	717	513	572
1981–82	2,709	849	870	659	549	563
1982–83	2,523	958	942	641	535	526
1983–84	2,759	1,012	960	649	557	528
1984–85	2,747	1,105	1,008	652	573	523
1985–86	2,813	1,270	1,126	686	598	530
1986–87 (est.)	2,619	1,330	1,154	689	550	477

	CWS Program			Perkins (NDSL) Program		
	Recipients	Aid per Recipient		Recipients	Aid per Recipient	
	Number (000)	Current Dollars	Constant Dollars	Number (000)	Current Dollars	Constant Dollars
1980–81	819	806	898	813	853	950
1981–82	739	844	866	684	848	870
1982–83	720	854	839	675	884	869
1983–84	772	886	840	719	949	900
1984–85	735	877	800	697	971	886
1985–86	728	901	799	701	1,003	889
1986–87 (est.)	753	879	763	896	925	803

	GSL Program			PLUS/SLS Program		
	Recipients	Aid per Recipient		Recipients	Aid per Recipient	
	Number (000)	Current Dollars	Constant Dollars	Number (000)	Current Dollars	Constant Dollars
1980–81	2,904	2,135	2,379	1	2,500	2,786
1981–82	3,135	2,280	2,339	29	2,565	2,630
1982–83	2,942	2,208	2,171	80	2,456	2,414
1983–84	3,147	2,307	2,188	122	2,610	2,475
1984–85	3,546	2,297	2,096	177	2,633	2,403
1985–86 (est.)	3,536	2,355	2,088	193	2,644	2,345
1986–87 (est.)	3,499	2,381	2,065	281	2,735	2,373

	State Grant and SSIG Programs		
	Recipients	Aid per Recipient	
	Number (000)	Current Dollars	Constant Dollars
1980–81	1,140	770	858
1981–82	1,448	689	707
1982–83	1,493	723	711
1983–84	1,528	763	724
1984–85	1,580	822	750
1985–86	1,585	875	776
1986–87 (est.)	1,608	983	853

Note
Est. = estimated.

Table 6. Cost of Attendance, Income, and Total Available Aid, 1980–81 to 1986–87

Current Dollars

	Cost of Attendance					Income		Total Available Aid (in Millions)		
	Private University	Private Four-Year	Public University	Public Four-Year	Public Two-Year	Disposable Personal (Per Capita)	Median Family	Grants	Loans	Work
1980–81	6,566	5,249	2,711	2,420	2,020	8,032	21,023	9,408	6,957	660
1981–82	7,439	5,949	3,079	2,701	2,217	8,874	22,388	9,353	7,891	624
1982–83	8,537	6,646	3,403	3,032	2,390	9,385	23,433	8,516	7,449	615
1983–84	9,307	7,244	3,628	3,285	2,534	9,977	24,580	8,511	8,479	683
1984–85	10,243	7,849	3,899	3,518	2,807	10,887	26,433	8,893	9,529	645
1985–86	11,110	8,500	4,170	3,750	3,010	11,817	27,735	9,564	9,790	656
1986–87	11,870	9,070	4,370	3,940	3,160	12,304	29,458	9,744	10,139	662
% change 1980–81 to 1986–87	+80.8	+72.8	+61.2	+62.8	+56.4	+53.2	+40.1	+3.6	+45.7	+0.3

Constant 1982 Dollars

	Cost of Attendance					Income		Total Available Aid (in Millions)		
	Private University	Private Four-Year	Public University	Public Four-Year	Public Two-Year	Disposable Personal (Per Capita)	Median Family	Grants	Loans	Work
1980–81	7,318	5,850	3,021	2,697	2,251	9,409	24,626	10,486	7,754	736
1981–82	7,629	6,101	3,158	2,770	2,274	9,418	23,761	9,592	8,093	640
1982–83	8,392	6,533	3,345	2,980	2,349	9,385	23,433	8,372	7,322	604
1983–84	8,825	6,869	3,440	3,115	2,403	9,666	23,814	8,070	8,040	648
1984–85	9,347	7,163	3,558	3,210	2,562	10,117	24,564	8,115	8,696	589
1985–86	9,852	7,538	3,698	3,326	2,669	10,603	24,886	8,482	8,682	582
1986–87	10,296	7,867	3,790	3,418	2,741	10,832	25,933	8,452	8,794	574
% change 1980–81 to 1986–87	+40.7	+34.5	+25.5	+26.7	+21.8	+15.1	+5.3	−19.4	+13.4	−22.0

Notes

Cost of attendance includes tuition, fees, room and board.

Income data are for the calendar year in which the academic year begins.

Total available aid includes all of the programs listed in Table 1.

Table 7. Percentage Distribution of Aid from the Pell and Campus Based Programs by Type of Institution, 1980–81 to 1985–86

	Academic Year					
	1980–81	1981–82	1982–83	1983–84	1984–85	Estimated 1985–86
Pell Program						
Public Institution	59.7	59.5	56.9	56.5	56.3	55.8
Two-Year	(18.6)	(18.7)	(18.2)	(18.5)	(18.5)	(18.8)
Four-Year	(41.1)	(40.7)	(38.7)	(38.0)	(37.8)	(37.0)
Private Institution	28.8	27.1	26.6	24.6	23.0	21.9
Proprietary Institution	11.5	13.5	16.6	18.9	20.7	22.1
Total	100.0	100.0	100.0	100.0	100.0	99.9
Campus Based Programs						
Public Institution	53.0	52.9	53.2	52.4	52.4	51.4
Two-Year	(10.1)	(10.3)	(9.8)	(9.7)	(9.6)	(9.8)
Four-Year	(43.0)	(42.5)	(43.3)	(42.8)	(42.7)	(41.6)
Private Institution	41.8	42.0	42.0	42.5	42.7	43.3
Proprietary Institution	5.2	5.1	4.9	5.1	4.9	5.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Both Programs Combined						
Public Institution	56.9	56.8	55.4	55.0	54.9	54.3
Two-Year	(15.1)	(15.3)	(14.9)	(15.2)	(15.3)	(15.8)
Four-Year	(41.9)	(41.4)	(40.5)	(39.8)	(39.5)	(38.5)
Private Institution	34.2	33.1	32.6	31.4	30.1	29.0
Proprietary Institution	8.9	10.1	12.0	13.6	15.0	16.6
Total	100.0	100.1	100.0	100.0	100.0	99.9

Notes and Sources

Acronyms

CWS = College Work Study Program
GSL = Guaranteed Student Loan Program
NDSL = National Direct Student Loan Program
PLUS = Parent Loans for Undergraduate Students
SEOG = Supplemental Educational Opportunity Grant
SLS = Supplemental Loans for Students
SSIG = State Student Incentive Grant

Definitions

Academic Year: July 1 to June 30
Calendar Year: January 1 to December 31
Fiscal Year: October 1 to September 30

General Notes

- Because many available data sources do not separate assistance for undergraduate and graduate students, this report necessarily describes aid for both. The report gives a consistent picture over time of aid available to students in general; however, the impact of this aid may be different for graduate and undergraduate students.
- Details may not add to totals due to rounding.
- Aid is reported by the academic year in which it is awarded. When necessary, fiscal year data are converted to their academic year equivalents by reassigning the July through September expenditures.
- For a more detailed description of the programs and past trends, see *Trends in Student Aid: 1963 to 1983.*

A Note On Constant Dollar Conversion

The Consumer Price Index (CPI) for all urban dwellers is used to adjust for inflation. Calendar, fiscal, and academic year conversions are used, as appropriate. In order to maintain consistency with *Trends in Student Aid: 1963 to 1983,* the base year used for constant dollar conversions is 1982.

Formula for Constant Dollar Conversion:
Constant (base year) Dollars =

$$\text{Current Year Dollars} \times \frac{\text{CPI for the base year}}{\text{CPI for the current year}}$$

Consumer Price Indexes:

Calendar Year CPIs		Academic Year CPIs	
1980	246.8	1980–81	259.4
1981	272.4	1981–82	281.9
1982	289.1	1982–83	294.1
1983	298.4	1983–84	304.9
1984	311.1	1984–85	316.8
1985	322.2	1985–86	326.0
1986	328.4	1986–87	333.3

Sources

Tables 1, 2, 4, 5, and 7:

Pell

1986–87: Unpublished data and estimates from the Office of Student Financial Assistance and the Office of Policy Development in the Office of Postsecondary Education, U.S. Department of Education.

1980–81 to 1985–86: Office of Student Financial Assistance, U.S. Department of Education, *Pell Grants End of Year Reports, 1980–81 to 1985–1986.* Supplemented by unpublished data.

SEOG, CWS, and NDSL

1984–85 to 1986–87: Unpublished data and estimates from the Office of Student Financial Assistance, U.S. Department of Education and *Distribution of Awards in the Campus Based Programs for 1985–1986.*

1980–81 to 1984–85: Office of Student Financial Assistance, U.S. Department of Education, *Campus-Based Programs Annual Report.*

SSIG

1985–86 and 1986–87: *17th and 18th Annual Survey Reports* of the National Association of State Scholarship and Grant Programs, Table 12. Office of Management and Budget, Executive Office of the President, *Appendix: Budget of the United States Government, Fiscal Year 1987 (1986).*

1980–81 to 1983–84: Unpublished data and estimates from the Office of Student Financial Assistance, U.S. Department of Education.

GSL/PLUS/SLS

1986–87: Estimates based on projections made by the Office of Student Financial Assistance, U.S. Department of Education.

1980–81 to 1985–86: Unpublished data from the Office of Student Financial Assistance, U.S. Department of Education.

Social Security

1980–81 to 1986–87: Unpublished data from the Social Security Administration, U.S. Department of Health and Human Services.

Veterans Benefits

1980–81 to 1986–87: *Benefits Program Fiscal Year 1987 Volume 1,* Office of Budget and Finance, U.S. Veterans Administration and unpublished data from the same agency.

Other Grants and Loans

The amounts were collected through conversations and correspondence with officials of the agencies that sponsor the programs.

State Grant Programs

1980–81 to 1986–87: *13th, 14th, 15th, 16th, 17th, and 18th Annual Survey Reports* of the National Association of State Scholarship and Grant Programs.

Institutionally Awarded Aid

1985–86 and 1986–87: Estimates based on the assumption that awards will grow by five percent in real (inflation-adjusted) dollars.

1980–81 to 1984–85: Center for Education Statistics, U.S. Department of Education, *Digest of Education Statistics 1987,* p. 226.

Table 3:

Appropriations

1986 and 1987: U.S. Department of Education, "The Fiscal Year 1988 Budget" (January, 1987 and Supplementary Tables for August 4, 1987).

1985: U.S. Department of Education, "The Fiscal Year 1987 Budget" (February, 1986).

1984: U.S. Department of Education, "The Fiscal Year 1986 Budget" (February 4, 1985).

1982 and 1983: U.S. Department of Education, "The Fiscal Year 1984 Budget" (January 31, 1983).

1981: U.S. Department of Education, "The Fiscal Year 1983 Budget" (February 8, 1982).

1980: U.S. Department of Education, *Annual Evaluation Report: 1982.*

Table 6:

Cost of Attendance Data: Center for Education Statistics, U.S. Department of Education, *Digest of Education Statistics,* pp. 222–223.

Income Data: Median Family Income—Bureau of Census, U.S. Department of Commerce, *Current Population Reports,* Series P-60, Nos. 137, 142, 145, 151, and 154. Disposable Personal Income Per Capita—Bureau of Economic Analysis, U.S. Department of Commerce, telephone inquiry.

Consumer Price Index:

The Consumer Price Index for current and past years is from Bureau of Labor Statistics, U.S. Department of Labor, unpublished compilation of monthly CPIs since 1949 (base year 1967 = 100). Forecasts of the CPI are from the Congressional Budget Office.

Senator **Pell**. Dr. Martin?

Dr. **Martin**. Thank you, Mr. Chairman.

It is certainly always a pleasure to have the opportunity to be here with you and with Senator Stafford, two people who contributed greatly to support of postsecondary education through the years.

I want to also commend you for these hearings. Certainly, there has been a lot of attention focused upon the issue of Guaranteed Student Loan defaults over the last few months.

I think that, as has already been said by Mr. Gladieux, if we look back to the history of this program in 1965, we have to keep in mind that this was a program that we really originally conceived to be kind of a loan of convenience for middle-income students. And you and I know that that has changed dramatically in the last few years, so that today it is no longer that kind of a program, but it is really a program now that provides fundamental access to many low-income and disadvantaged students to pursue a postsecondary educational degree.

I noted with interest this morning the Secretary's chart that he had, and certainly it was dramatic seeing the rising increase in loan defaults. And that is the way that that data is usually arrayed. I would simply suggest, Mr. Chairman, that we also have used the same kind of data as the Secretary—in fact, attached as an appendix to the back of our statement is a chart that is also from the Department of Education, right out of their program book, that I think perhaps puts the whole thing a little better in perspective. This chart not only shows the loan volume; it also shows the yearly matured paper, and then it shows proportionately the growth in the actual defaults.

There is no doubt as this program has expanded that the volume of loans outstanding has increased both on a yearly and a cumulative basis. We had $9.9 billion in 1976; up to $21.3 billion by 1980, and finally, to $67.6 billion today.

But if you also——

Senator **Stafford**. Would you repeat that last figure, please?

Dr. **Martin**. Yes. Today, Senator Stafford, we have $67.6 billion outstanding, as of 1986, based on the Department's own data.

If you go on and look at their data a little further in the program book—and I have arrayed that chart for you on page 3 of our testimony here—if we actually begin to look at what has happened in terms of the net program default rate, however, it is interesting that it has remained through the years very stable; in fact, it has gone down to some degree, which suggests that lenders and agencies and institutions and others have been working hard at trying to curb defaults even though we have moved more into an access program.

I think that if you go further with some of the reports that have been done, you find that even though we have these dollars in default, studies show that about 50 percent of those dollars are eventually collected through one means or another.

So the point that I guess I am making is that while clearly, we have large, growing dollars going into default, the fact is that this is not a function of the percentage of defaults out-of-hand; it is a function of the size of the program. And I think unfortunately that that sometimes gets lost.

Nevertheless we cannot deny, as was pointed out here today, that we are going to spend about $1.5 billion this year in default costs. And that is money that would be better spent, in our mind, going to provide Pell Grant dollars and other things for students.

So I think we have to look at this carefully. We do have a problem, not only a dollar problem, but I think we have a public relations problem. And it does little to support that when people such as the Secretary and others disaggregate data and break it into small sectors rather than focusing upon the large issue, and distort it, so that people believe that 60, 70, 80 percent of students are in default. That does no justice, nor does it do any justice when newspaper accounts find two or three people that have been very successful, that have borrowed a lot, that are making a lot of money and are not repaying their loans.

That is not the typical profile of defaulters. Defaulters, as has been said here, have small balance loans; they are basically nonpersisters; they tend to be people with minimal earnings, or unemployed. It is not that these people are unwilling to repay. It is an inability. And that is unfortunately a circumstance that we have because in many cases we have somewhat failed in our efforts to provide opportunities to people; we have been forced to give people loans who should have been served with grants and other kinds of assistance.

And I think, as Ms. Roemer said this morning, as a practicing financial aid administrator, that in spite of the best efforts, in spite of the good counseling and so on, that is simply a circumstance that we are facing because we do not have the available grant dollars and other kinds of help to assist these high-risk students.

We have made a number of suggestions in our written statement, Mr. Chairman, that we would hope you would consider. But I would also say that I believe that the Congress and particularly this Committee and your counterparts in the House have already responded very responsibly. You enacted many changes as a part of the Education Amendments of 1986, many changes as a part of the COBRA provisions that are now going into effect. These provisions will help to curb defaults—multiple disbursements, checks going to the schools, certainly the use of credit bureaus, the reinstatement and the permanentization of the IRS offset are steps that will ensure us that these costs will come down in the future.

But I would also say to you that in our quest to deal with this, I hope we don't take precipitous action. The one thing we don't need more of, in my opinion, in this program is more paperwork to look like we are dealing with the problem. The kind of one-on-one counseling and good effort that Ms. Roemer described that needs to be done will not be helped if in fact institutions are overburdened with other kinds of steps.

So we would encourage you to look at these carefully. We look forward to working with you, and you can be assured that our members are certainly committed to reducing loan defaults.

Thank you.

Senator PELL. Thank you very much, Dr. Martin.

[The prepared statement of Dr. Martin follows:]

Statement of
The National Association of
Student Financial Aid Administrators

Before the Senate Subcommittee on
Education, Arts, and the Humanities

Presented by
A. Dallas Martin, Jr., President

December 11, 1987

Mr. Chairman, Members of the Subcommittee: During the past few months, increased attention has been focused upon the issue of defaults within the Guaranteed Student Loan Program. As President of the National Association of Student Financial Aid Administrators (NASFAA), I sincerely appreciate the opportunity to appear before you to discuss this important issue. NASFAA represents over 3,200 institutions, and as such, is the largest institutional membership-based postsecondary educational association in Washington, D.C. NASFAA represents those persons at postsecondary institutions who are charged with the day-to-day responsibility of administering all types of student aid. We estimate that approximately 85% of federal student aid dollars are administered by our member institutions.

The members of NASFAA have always been dedicated to minimizing student loan defaults. Our members, perhaps more than anyone else, are fully aware of the complicated nature of this issue, and the care that must be taken in addressing it. Published reports and public statements which focus upon extremely high default rates in a particular group of borrowers unfortunately cause attention to be drawn away from the fact that the vast majority of borrowers repay their loans in full. Imputations of default rates for individual states, lenders, institutions, or groups of borrowers may be useful in evaluating management performance, or in evaluating policy directions, but widespread public dissemination of this information only adds to a distortion of the true effectiveness of the student loan programs and erodes public confidence in them.

While our members certainly do not condone the actions of those individuals who have the ability to repay their student loans but fail to live up to their responsibilities, we would simply note that the issue of student loan defaults is a much more complicated matter. To understand today's problems, it is important that we review the circumstances which have led us to this point.

The Guaranteed Student Loan Program was first enacted as a part of the Higher Education Act of 1965. It was conceived as a program which would primarily provide market rate loans to students from middle and upper middle income families as a means of assisting them in managing their postsecondary educational expenses. The program has changed dramatically since its inception, and has been reviewed and modified many times by members of this Subcommittee and your counterparts in the House of Representatives. While the program originally was to be administered by the Office of Education, early evaluations found that lender participation was greater in those states with a viable agency to assist with the coordination and support of the program. As such, the Education Amendments of 1976 imposed major changes in the structure and operation of the program and encouraged the establishment of an effective guaranty agency in each and every state of the Union. At that time, only 26 state guaranty agencies had been established. The populations of those states represented 53 percent of the students enrolled in postsecondary education. Roughly 47 percent of the postsecondary school population which resided in other states, had minimal access to an effective Guaranteed Student Loan Program. The legislative changes made to the program in 1976 immediately began to change this situation, and by 1980 agencies existed in all 50 states. In addition to encouraging the establishment of state guaranty agencies, the Education Amendments of 1976 also enacted a number of additional incentives which were designed to encourage broader lender participation. Further modifications to eligibility criteria enacted as part of the Middle Income Student Assistance Act of 1978, as well as the removal in 1979 of the statutory cap on the rate of the special allowance which guaranteed lenders a predictable fixed rate of return, significantly contributed to the growth of the program.

As the program expanded, the volume of outstanding loans increased on both a yearly and cumulative basis. Cumulative loan volume for the program was $9.9 billion in 1976, $21.3 billion in 1980, and $67.6 billion in 1986. The chart contained as Appendix A graphically demonstrates the rapid growth of the program. Yet while the program has expanded greatly, the rate at which loans have gone into default has actually declined since 1980, as illustrated by the following data which was contained in the Department of Education's Program Summary Book for 1985-86 (page 69):

Guaranteed Student Loan Program Net Default Rate

Year	Rate
FY-78	10.0
FY-79	10.0
FY-80	10.1
FY-81	9.7
FY-82	8.7
FY-83	8.4
FY-84	8.4
FY-85	8.9

As this data shows, the dollar volume of defaulted student loans has grown every year, but the percentage of loan volume that is in default each year has not changed greatly. In addition, several reports note that over half of the defaulted loan dollars paid out have been or likely will be repaid.

Despite the success of the program at providing loans to large numbers of students, the vast majority of whom have repaid their loans, concern still exists about the costs and the rates associated with GSL defaults. These concerns are exacerbated by limited incidents in which a few individuals borrow large sums of money to finance their educations, obtain well-paying jobs, but still default on their loans, believing that they will never be held accountable for them.

Such a profile does not characterize the typical defaulter. Studies of borrowers who have defaulted show that defaulters tend to have relatively small loan balances, are likely to be young, have not completed their educational programs, and are more frequently from low income families. Defaulters are also more likely to have attended trade and technical schools or community colleges, and to be unemployed or have minimal income when they default. These people default because they do not have the financial resources to repay their loans, not because they wish to disregard their obligations.

In short, individuals who would be classified as high risk students based on their financial and academic background, are those who are more likely to default than are those who come from more affluent and academically advantaged environments. These same "at risk" students are those who probably would never have received a commercial loan without the guarantees and incentives that are provided by the federal program. They also, in many circumstances, would not have been given the chance to pursue a postsecondary education without the federal loan program.

It was not intended, however, that these people should be depending entirely on loans or accumulating large amounts of debt early in their postsecondary educational programs. Grant and work-study dollars were supposed to be aiding them as well. Yet overall reductions in federal student aid since 1980 have reduced the percentage of grant and work-study dollars available, thereby forcing low income and disadvantaged students to rely upon student loans.

While some institutions have been able to increase institutional grant resources to help minimize the growing imbalance between federal grants and loans, many institutions have been unable to do so. Unfortunately, many of the schools which have insignificant institutional grant resources are those which serve large numbers of high risk students. With few exceptions, state grant aid has remained fairly stable over this same period and, therefore, has not been significant in making up for federal grant funding losses. Because of the decline in available grant dollars and increased reliance upon student loans, financial aid administrators have been forced to significantly alter their student aid packaging formulas. With few exceptions, most institutions eight years ago were able to avoid awarding loans to high risk students during their first or second year of attendance. Continued real dollar losses in grant support have altered institutional packaging practices today so that the awarding of loans to high risk students may no longer be avoided. In order to meet a low income student's total financial need, most institutions, after exhausting all available grant dollars, must still include a full GSL loan in the financial aid package. This shift to dependency on student loans has not only impacted the educational decisions and attendance patterns of low income students, but it has also contributed significantly to increasing student loan defaults.

Recognizing this shift, Congress attempted to readdress the growing imbalance between loans and grants in the enactment of the Higher Education Amendments of 1986 as well as enacting numerous administrative changes to help reduce the incident of default. Unfortunately, it remains to be seen whether significant increases in federal grant aid will be forthcoming to alter the balance. It also will take additional time to see the effects of the other legislative provisions that were designed to reduce loan defaults.

We strongly believe that many of the legislative enhancements added to the GSL Program as a part of the Higher Education Amendments of 1986 and the Consolidated Omnibus Budget Reconciliation Act of 1985 will have a positive effect. Congress already has responded responsibly in providing tighter controls upon the administration of the GSL Program. Among those that we believe will be the most effective are the requirement for the multiple disbursement of loan checks over the course of the year rather than in one payment, the requirement that checks be mailed to the institution for disbursement rather than directly to the student, and the reporting of borrowers to credit bureaus. The change in law which enabled the Department of Education for the last two years to transmit the names of loan defaulters to the Internal Revenue Service so that their tax refunds could be withheld as payment has also proven effective in reducing defaults. Therefore, we hope that the pending legislation to continue this authority will be adopted.

In addition, in the last few years Congress has increased the disclosures which must be provided to borrowers, including information necessary to understand loan repayment obligations. Lending institutions have long been required to provide detailed information on the terms of the loan and the options for repayment both at the time of disbursement of the loan and before repayment begins. These provisions were further expanded in the Higher Education Amendments of 1986 and for the first time, higher education institutions have been made partners in the GSL information dissemination process. In addition to being required to determine a student's eligibility for a Pell Grant and informing the student of the availability of state grant aid before certifying a GSL application, institutions must also counsel borrowers on how repayment will affect their financial situation after they leave the institution and how they can manage their debt to avoid default. To ensure that this is being done in a consistent and effective manner, NASFAA recently published and distributed a guide on loan counseling titled "Loan Counseling: Requirements and Good Practice." This publication is designed to assist institutions in carrying out loan counseling and information disclosure for the student aid programs. It contains the legal requirements for such counseling, a definition of loan counseling along with a decision-making model for creating an institutional program, and information on loan consolidation. Sample forms, summary charts, a self-evaluation checklist, and selected resources on this topic are also included. We believe this will prove to be an effective resource in assisting institutions in carrying out their new responsibilities in this area.

While we have encouraged our members to assist lending institutions and guaranty agencies in default prevention efforts and to share information with them in a timely manner, I must respectfully note that educational institutions do not have any responsibilities for the origination or collection of GSLs. Rather these responsibilities rest with the holders of the loans and the Department of Education.

In spite of this distinction, recent publicity has seemed to imply that institutions are solely responsible for student loan defaults. The publication of "institutional default rate" lists this fall by the Federal Funds Information for States and by the Department of Education has contributed to this perception. Their reports were based upon 13 million student loan records that were voluntarily provided to the Department of Education by state and private guaranty agencies. The reports include records from students who attended approximately 8,300 postsecondary institutions that are current or past program participants. The data reflect the default status at each entity as of September 30, 1986, and were gleaned from state agency computer tapes provided to the Department to substantiate reinsurance claims.

In the Federal Funds Information for States (FFIS) report, default rates were calculated by dividing the total amount disbursed to defaulted borrowers by the total amount that has entered repayment status. In general, a loan for which payments are 120 days in arrears is defined as "in default." The default rates in the report are cumulative, and they exclude collections made on a loan after default status was determined.

The second report was released at a press conference on November 4, 1987 by Secretary of Education William Bennett. The Secretary's institutional default rate calculation differs from the rate calculated in the first report. His rate is calculated as a percentage of all borrowers entering repayment status in FY-85 who in turn default in either FY-85 or FY-86. This then becomes the institution's "2-year or cohort default rate."

The Secretary's report lists the FY-85 default rates of the 7,295 institutions participating in the Guaranteed Student Loan Program. The report shows that some 500 institutions had default rates of over 50 percent for that period. He announced that the Department would therefore begin program reviews at these institutions. [Note: Since this announcement, the Department has adjusted this number to 314 institutions.] Following these reviews, the Inspector General has been asked to concentrate audit and investigative efforts on institutions which appear to be guilty of waste, fraud, or abuse. The Secretary also disclosed that he will be issuing new regulations designed to evaluate institutions with default rates greater than 20 percent. Based upon these findings and the institutions' subsequent performance, these schools could be barred from participation in all Title IV programs. According to the Department's report, this could mean that over 30 percent (or more than 2,000) of the institutions in the United States participating in the Guaranteed Student Loan Program could be barred from all aid programs. We would note that this is a very significant number, since the Department, through the current limitation, suspension, and termination (LST) procedures, has only terminated 116 institutions since 1980.

Given the implications and effects if such a policy was enacted, it is extremely important that accurate data be used in making these determinations. Unfortunately, the information that was used by the Department and FFIS in preparing their reports is neither accurate nor complete, according to a report issued by the Department's Office of the Inspector General (OIG) eight months before the Secretary announced his default initiatives. The OIG report stated that "significant errors render the guaranty agency data of limited value in ED [the Department] performing any oversight of the GSLP [Guaranteed Student Loan Program]," and that "Management's use of the current data will result in the Department of Education making incorrect decisions in monitoring and managing the multibillion dollar GSLP."

The data base used by the Department contained over 300 million fields from more than 12.5 million borrower records. The OIG found that over 20.1 million or 6.7% of these fields were left blank, including 425,000 blank fields in the category of Loan Status Date, which shows when the loan status was last checked by the lender. Because of this, the report concluded that any analysis of the default data would be unreliable. Finally, the Inspector General recommended that the data not be used without qualifying that it is inaccurate and incomplete.

In addition to the Department's proposal, several legislative initiatives which also address the issue of loan defaults are currently pending in Congress. All have some features that NASFAA would support. However, they also have provisions which we find objectionable and which would simply reduce the effectiveness and unnecessarily complicate the administration of the Guaranteed Student Loan Program. The concept of an "institutional default rate" and its application as a disciplinary measure is highly inappropriate. As previously noted, institutions do not originate Guaranteed Student Loans or serve as collection agents. While institutions have defined legislative responsibilities for the program and can assist in helping to reduce defaults, to hold them entirely responsible for the actions of their students after they leave the institution is inappropriate. To treat loan defaults simply as an institutional management problem totally ignores the broader social and economic conditions which tend to lead borrowers to default. It certainly makes no sense to terminate an institution from participation in all Title IV programs solely because some of its former students were unable to repay their loans.

The December 1, 1987 Federal Register which contains the final General Provisions regulations for the Title IV programs, includes a response from the Secretary on the utilization of default rates in evaluating institutional administrative capability that is a reasoned approach. This response to Section 668.15 of the regulations notes:

> "The Secretary recognizes that an institution does not have the responsibility (unless it is also the lender) for collecting GSL, PLUS, and SLS program loans received for attendance at an institution and thus lacks direct responsibility for and control over that aspect of loan administration. However, under the changes made to the HEA by the Higher Education Amendments of 1986, an institution, even if it is not a lender, is required to provide to each borrower exit counseling concerning

> indebtedness and debt management strategies. Further a high default rate on loans made under the GSL, PLUS, and SLS programs may indicate other problems at an institution. Therefore, the Secretary has included default rates on loans made under those programs as indicators of an institution's impaired administrative capability."

Using default rate data in this manner may assist in identifying administrative deficiencies at selected institutions which should be corrected. But, absent any documented material weaknesses, it is unfair to penalize current and future students because of the actions or circumstance of those persons who preceded them.

Other provisions that have been proposed to address defaults should be carefully reviewed. Proposals of additional information dissemination and reporting requirements and options for institutional buy-outs or risk sharing on defaulted loans could place heavy financial and administrative burdens on institutions. Unlike lenders, who are provided with a special allowance to cover their administrative costs for information dissemination, institutions must cover costs out of their own budgets. In order to comply with these requirements, many institutions will be forced to raise the cost of attendance for students.

In addition, requiring institutions to provide student borrowers with more of the same kind of information that has already been given to them by lenders is not likely to help the students to better understand their obligations. The volume of disclosure forms and information that a student now receives is substantial. To increase the paper requirements in this program that must be given to a student will do little to reduce defaults and will only add costs and divert resources from more effective counseling approaches. Institutions are already engaging in loan counseling and NASFAA is encouraging schools to do more so as to insure that students are aware of their responsibilities. While we have strongly encouraged institutions to develop and administer effective loan and debt management counseling programs, we would note that such efforts require significant financial and personnel commitments. If schools have to keep track of more forms and more disclosures, then less quality time can be expended in professional counseling.

In addition to our belief that we should improve the quality rather than the quantity of information provided to borrowers, NASFAA would also ask consideration of the following to reduce Guaranteed Student Loan defaults. That:

1. Congress legislatively define "default rate" to more appropriately calculate annual losses in the Guaranteed Student Loan Program, as is done with other consumer credit programs.

2. Congress carefully review current federal student aid policies and funding levels to ensure that needy students are first provided with adequate grant funds and employment opportunities so as to minimize student borrowing. Regulations that enable students to borrow to meet expected family contributions but that prohibit a student from working to cover the same expectation, unnecessarily encourages excess borrowing. Current over-award provisions provide minimal flexibility for making adjustments in earnings in unusual circumstances but such action can only occur after the fact when most students have already borrowed. Research also shows that on-campus employment contributes positively to student persistence, whereas non-persistence is highly correlated with a propensity to default.

3. Congress reexamine current repayment and collection requirements. The IRS offset program has proven effective in collecting on defaulted loans. With some minor modifications, a similar procedure could be enacted to allow borrowers to repay loan obligations through monthly payroll tax withholding. While such an approach has been resisted in the past, it is effectively utilized in other industrialized countries.

4. Congress reconsider institutional lending authority under the GSL Program. While some institutions may lack the resources and administrative expertise to properly perform this function, there is strong evidence that better loan and debt management counseling will occur when it is performed at the institutional level. Institutions with proven administrative capabilities should therefore be afforded this opportunity.

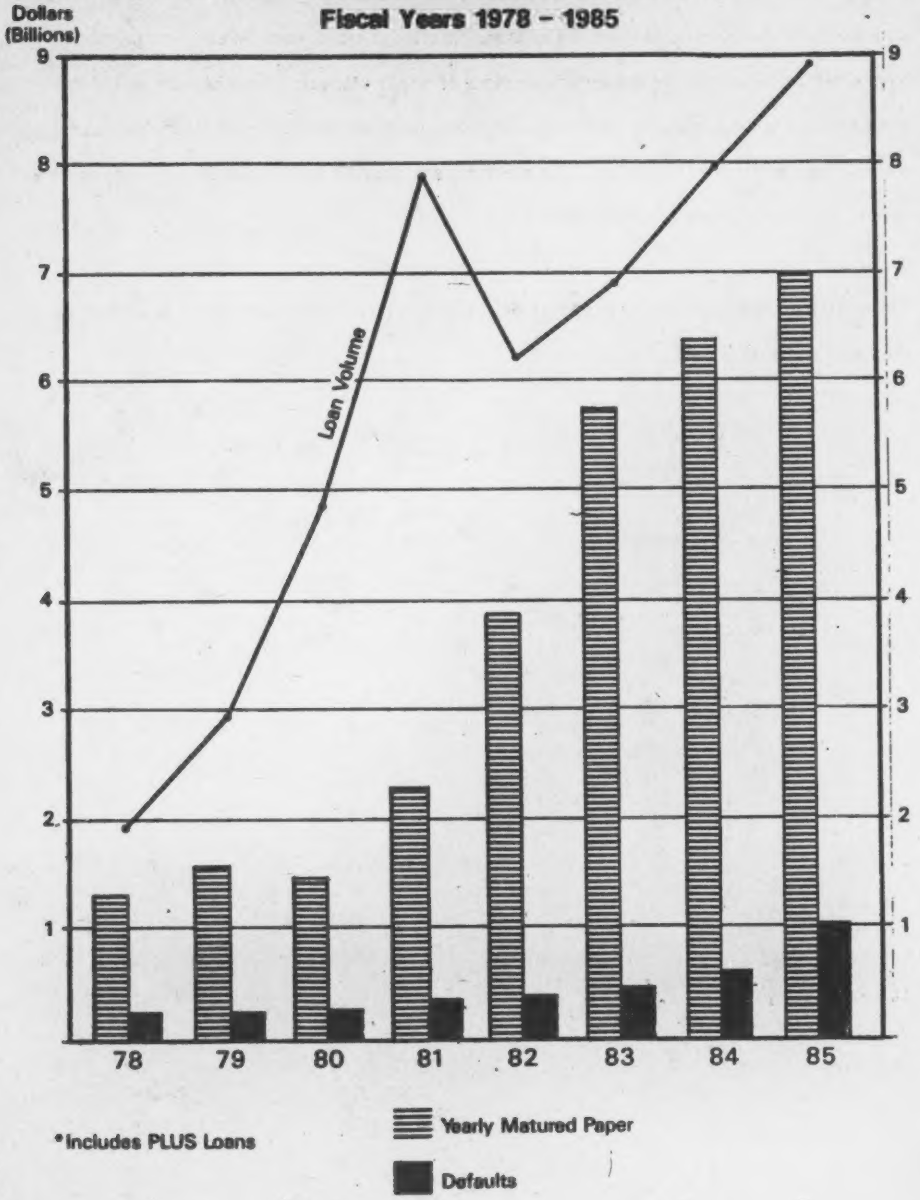
5. Congress require the Department of Education to provide technical assistance and administrative support, particularly to those institutions which serve large numbers of high risk students. In the past, such efforts have proven to be effective in strengthening administrative procedures that will help to reduce the incidence of default. Rather that strictly focusing upon compliance, which only addresses the problem after the fact, more attention should be given to assisting institutions in the development of sound management practices.

While we believe that the aforementioned suggestions should be carefully considered, we would also urge Congress not to take precipitous actions that may prove to be unnecessary in addressing the student loan default problem. While we recognize that default costs are increasing and are likely to grow in the near term, we also believe that many of the legislative initiatives enacted in 1986 will have a profound effect upon reducing defaults in the future. Administrative remedies to address the problem should be thoroughly evaluated before imposing them upon all institutions, thereby determining whether or not they will prove to be cost effective. Through cooperative efforts, the Department of Education, the lending community, and educational institutions can focus attention upon those areas that have the highest incidence of defaults. By and large, existing statutes and regulations provide the needed authority to appropriately address this issue. Additional actions simply for the sake of attempting to address the problem will not be worthwhile unless they are proven to be effective. In reality, very little is known about the total default problem. While some thoughtful studies have attempted to gather information on student loan defaulters, a more complete analysis has never been done. Currently a national study is underway, with data expected to be available in late March of 1988. This study is being performed by the Center for Educational Statistics (CES), and is in response to the need to develop a comprehensive study of national postsecondary student financial aid. As such, the survey will not only include data from a nationally representative sample of postsecondary students who are currently enrolled in all types of postsecondary educational institutions, but from approximately 16,000 individuals who are former GSL recipients. This information should enable all parties to more carefully evaluate this issue and to make informed responsible decisions. Lacking such information, there is a danger that imposing additional requirements upon the program at this time may actually inhibit the program's operations and effectiveness. While the program began as a loan of convenience to assist less needy students, it has evolved into a major source of funding that enables our nation to offer equal educational opportunity to many in our society who lack the financial resources or alternative sources of funding to pursue a postsecondary education. Although none of us intended for loans to become a primary financing mechanism to serve low income, disadvantaged students, the fiscal realities have forced us into this posture. While the costs associated with loan defaults are significant, the structure of the current program provides approximately $8 billion in needed student aid funds each year. As such, if restrictions are imposed on the program which would deny needy students access to loan capital, then it would require a far greater expenditure of federal and state funds to ensure an equal amount of available student aid dollars. While we may not have a perfect situation, we are serving millions of needy students who otherwise would be denied access to postsecondary education. Improvements can be made and institutions can do more to help address this problem. Our members are working hard to do all they can, and we believe that this will make a difference.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.

Appendix A

Annual GSLP Loan Volume, Yearly Matured Paper, and Defaults*
Guaranteed Student Loans
Fiscal Years 1978 – 1985



*Includes PLUS Loans

Senator PELL. Mr. Saunders.

Mr. SAUNDERS. Mr. Chairman, it is a pleasure to be here to testify on behalf of the American Council on Education, and it is a personal pleasure for me to be here before you and Senator Stafford again. I was reflecting recently, that it was 30 years ago I came to Washington to serve on the staff of this Committee, and there have been a lot of issues we have dealt with together over the years.

Senator PELL. The Senator has been on it the longest, so join the club.

Mr. SAUNDERS. My testimony describes a number of actions the Higher Education Associations have taken jointly out of concern for the default problem.

Secretary Bennett mentioned the letter we sent on behalf of the six associations to all presidents of all colleges and universities in the country in October, and I would like to insert a copy of that letter for the record, Senator.

Senator PELL. Without objection.

Mr. SAUNDERS. We have also established an Inter-Association Task Force to identify further steps that colleges and universities need to take to deal with the problem. That Task Force is headed by my colleague, Dallas Martin, and we expect to come up with some further recommendations for things institutions should be doing.

We have also jointly among the associations submitted to the Subcommittee list of 25 proposed legislative changes, and I'd like to insert a copy of that list in addition to my testimony.

Senator PELL. Without objection.

[The letter and list referred to follow:]

AMERICAN COUNCIL ON EDUCATION
Office of the President

October 28, 1987

Dear Colleague:

Recent studies have confirmed the serious dimensions of the student loan default problem that has long been of concern to the higher education community. It is urgent that we increase our efforts to address this problem.

In recent years your national associations have recommended a number of legislative changes to reduce the default rate, and these changes have been enacted into law. We have also supported congressional and executive branch initiatives to improve collections on defaulted loans.

In spite of federal, state and institutional efforts to curtail unnecessary borrowing and educate students about their responsibilities, the default rate in the Guaranteed Student Loan Program has not declined. On a cumulative basis, not taking into account state and federal collection efforts, the current rate is 13 percent. The cost of defaults has increased steadily with the number of new loans, and now totals over $1.5 billion per year--a major obstacle to achieving needed funding for grant and work programs.

Default rates for each institution whose students have borrowed under the GSL program were recently published in a widely-reported study prepared for the National Conference of State Legislatures and the National Governors Association. This study has received close attention in Congress and in the press. Its use of cumulative default rates does not show recent improvements by many colleges, and there are technical problems in the data base which overstate the rates in some states. By any measure, however, default rates demand our earnest attention.

The report shows that nearly 40 percent of institutions have cumulative default rates over 20 percent, accounting for almost half of the dollars in default. More than one in eight have default rates in excess of 40 percent. Over 400 have rates over 60 percent. Although these are primarily proprietary career institutions, many nonprofit collegiate institutions have rates of 20 to 40 percent, and a number have rates above 40 percent.

Both the high annual cost to the government of default payments, and the high proportion of defaulters from certain institutions--primarily those serving high proportions of high-risk students--are serious issues for us all.

It should be recalled that the GSL program was originally enacted to provide "loans of convenience" for middle-income students. However, as federal and state grant and work programs have failed to keep pace with inflation and college costs, low-income students have increasingly become GSL borrowers. Many of these students have academic deficiencies and do not finish their educational program: evidence suggests that such students are less likely to repay their loans. It is bad policy to make borrowing the only recourse for needy students; it is equally bad policy to make loans to high-risk, default-prone students without adequate oversight and supervision. Such policies must be reexamined.

In the meantime, we must do all we can to reduce the default rate. Although colleges have not in the past been expected to assist in the actual origination and collection of loans, recent legislation has brought them more directly into the process through the imposition of new requirements for loan counselling regarding amounts of monthly payments and other debt management options before borrowers leave school; by having checks sent to the institution for distribution rather than directly to the student, to ensure that they are enrolled; by multiple disbursement of checks; and by authorizing guarantee agencies and lenders to provide institutions with lists of their former students who are in default, so that additional follow-up and checking of status can be done.

Each institution should move aggressively to implement these new provisions. As a first step, we suggest that you consult with your financial aid director to see that this is happening. Second, we urge you to contact your state guarantee and lending agencies to request the names and addresses of former students who have defaulted. Once this information is received, we encourage you to discuss with your staff such questions as whether there are resources other than loans which high-risk students could use to finance their education, and whether these students receive adequate counselling to understand what debt they are incurring and their responsibilities for repayment.

Meanwhile, your associations are moving ahead to develop a consensus on further statutory steps to deal with the default problem. We have established a task force of the Washington Higher Education Secretariat to examine the problem; we are consulting with Members of Congress; and we are circulating a paper describing legislative options to be considered. We would appreciate any suggestions you may have, as well as any ideas for institutional actions to help lower default rates.

Sincerely,

Robert H. Atwell
President

On behalf of:

Robert L. Clodius, President, National Association of State Universities and Land-Grant Colleges
Allan W. Ostar, President, American Association of State Colleges and Universities
Dale Parnell, President, American Association of Community and Junior Colleges
Robert M. Rosenzweig, President, Association of American Universities
Richard Rosser, President, National Association of Independent Colleges and Universities

DRAFT FOR COMMENT ONLY

November 17, 1987

DEFAULT PREVENTION AMENDMENTS TO THE GUARANTEED STUDENT LOAN PROGRAM

Listed below are specifications for amendment of the Higher Education Act to reduce the incidence of default in the Guaranteed Student Loan program. The suggestions are listed according to the principal GSL participant that would be affected.

A major emphasis of these amendments is to insure that borrowers understand the obligations which they are incurring, and to improve the articulation between borrowers and lenders as borrowers leave the institution and enter repayment.

These recommendations do not have the formal endorsement of any higher education association. Nevertheless, they have been developed in consultation with the associations as reasonable steps which could be taken to strenthen existing authority without major substantive program changes. They would supplement the changes made in the Higher Education Amendments of 1986 and other recent legislation to reduce defaults, which have not yet had time to yield results.

EDUCATIONAL INSTITUTIONS

o Institutions should have the authority to withhold loan proceeds until the borrower had completed at least one month of classes.

o The responsibilities of educational institutions for loan counselling, information, reporting on borrower status, and providing exit interviews should be codified in a single section of the legislation and a list of these responsibilities should be sent to institutions on a regular basis.

o Institutions should provide the information on financial assistance mandated in sec. 485 for all applicants for admission to the institution; currently they are required to provide this information to all current students, and to prospective students on request. The requirements of this section should be expanded to include information on the rights and responsibilities of students who borrow under this title, including a statement on the consequences of defaulting on a loan.

o Institutions should require that all borrowers sign a form at or before the time of disbursement of the first loan made after enactment of this legislation outlining the terms and conditions of the loan, and the rights and responsibilities of borrowers. At the time of the exit interview, borrowers should also be required to provide their next address, and other reference data which would help in locating the borrower, such as, address of next of kin, driver's license number, etc.

o Institutions should be authorized to be lenders of first resort to their own students.

o Institutions should be required to withhold second semester GSL disbursements checks until the student has enrolled for that semester.

o Institutions should be required to develop and review periodically a default prevention policy and plan. The Education Department would not be permitted to promulgate regulations for such plans.

o Institutions should be authorized to withhold academic transcripts from borrowers who have defaulted on loans until they have received notice from the state guaranty agency that the borrower has reentered repayment.

o To be eligible for an SLS, undergraduates must have received either a formal determination of eligibility for Pell Grants and other need-based aid, or a preliminary determination from the institution.

o The amount of the GSL shall not exceed need as certified by the institution.

o Institutions should be able to cancel or reduce the disbursement of the second installment of a GSL for students who receive additional financial aid from other sources.

LENDERS AND SERVICERS

o The holder of a loan should be required to send a copy of the first delinquency notice and final demand letter to the guarantor.

o If holders deny forebearance to borrowers who request it, they must provide the borrower and guarantor with reasons in writing for the denial.

o Multiple disbursement should be required for Supplemental Loans for Students.

o Holders should be required to communicate with borrowers within 120 days after borrowers have left school when repayment of loans must begin, and to notify the institution of this action.

o The original lender and subsequent holders of the loan should notify the borrower within 30 days of the sale of the loan.

o Under multiple disbursement, lenders should not be permitted to receive any subsidy until the check to the borrower is cashed.

GUARANTORS

o Guarantors should be required to expand and standardize the existing confirmation reports providing at least quarterly information on delinquencies, defaults, and any change in borrower status, in addition to the current information provided on in-school status of borrowers. Institutions should take any necessary steps, including reporting information about new addresses for students who are delinquent or in default.

DEPARTMENT OF EDUCATION

o The Department should prepare a regular series of reports on the propensity of borrowers to default, including the socioeconomic status of borrowers before and after their postsecondary program, academic progress and background, type and control of institution attended, guarantor, and type of lender.

o The Department should be required to implement the existing authorization for the establishment of a national student loan data system to enable guaranty agencies to identify borrowers who are in default or have exceeded loan limits.

o The Department should develop and publish an annual default rate for the GSL program similar to how banks measure their loss rates in other types of loan programs. The annual rate should be defined as the remaining principal on loans which defaulted in a given year divided by loans that were in repayment during that year. The annual rate calculation should also include a net default rate that reflects the amount of collections in that year on defaulted loans.

o The Department shall be required to develop a plan, and publish it for comment in the Federal Register, to conduct program reviews of all institutions and lenders at least once every three years. The Department shall report to Congress annually the results of these reviews.

o The Department should conduct program reviews of state guaranty agencies on a biannual basis.

o The Department should be required to reestablish substantial programs of training and information dissemination for lenders, guaranty agencies, students, parents, counselors, and institutions.

CONGRESS

o Congress should extend the IRS authority to capture federal income tax refunds of borrowers who have defaulted; this authority expired September 30, 1987.

COST SAVING IMPLICATIONS

The IRS authority would be responsible for $140 million in collections in FY88. While the rest of the proposed amendments would establish preventive measures which could be expected to achieve significant reduction in defaults over the long run, they would not result in appreciable short-run savings.

Mr. **Saunders**. Our recommendations would place new responsibilities on institutions, on State guarantee agencies, and on lenders, as well as on the Federal Government. One of the important steps we would like to see would be to mandate development of a national data system, and Secretary Bennett again addressed the need for that this morning, and Assistant Secretary Kimberling spoke to the need for better reliable national data, and the fact that some of that will be forthcoming this spring.

One of the reasons we'd like to see better national data is to test the findings of studies in several States which suggest that for colleges and universities, the default problem is primarily a dropout problem, and again, that has been verified by previous testimony this morning.

Defaulters tend to be high-risk students with low family incomes who take out only one loan and complete only one year or less. That gives pause to some of the suggestions, and it focuses our attention, I think, in some different directions. It suggests, for example, that one of the things that is needed to deal with the problem is to provide more special services for at-risk students to keep them in school and more funding of grant assistance, particularly in the early years, to avoid trapping these students in hopeless debt before they can establish their ability to make satisfactory academic progress.

We are willing to take more institutional responsibility on the part of the colleges and universities. We have made recommendations to that end. But I would have to say that we are nervous at the idea of establishing institutional default rates as a prime measure of the problem. You have already heard some testimony to that effect. Default rates are not necessarily indicators of how well colleges are carrying out their responsibility. Institutional default rates may have little bearing on the location and the cost of the real default problem. For example, a high default rate in a smaller institution may account for only a handful of borrowers and a handful of dollars, while a low default rate at a large institution may mask millions of dollars in default.

Not only that, as has been pointed out earlier, institutional default rates also tend to penalize community colleges because they are held responsible for students who are unable to pursue any further education, and therefore tend to be more likely to default, while those students who do pursue their education from community colleges are credited to other institutions.

The new measure default proposed by the Department, for example, seriously overstates the problem by looking at only the time period when the likelihood of defaults is greatest and ignoring all those borrowers who are well-established in repayment. We looked at one institution in the Department's listing, a nationally prominent medical school, which was listed as a 20 percent default rate. When we looked at that, we found they had five loans entering repayment, and one of them was in default. This is not necessarily a reliable indicator of what the problem is or where it is.

So one of our most important recommendations to you is to establish a statutory default rate which would measure the percentage of loans which default in a given year in relation to the total loans in repayment. We are happy to see that this is a provision of

Senator Simon's bill, S. 1931, and this would provide a readily understandable way of measuring the problem because it is similar to the way banks measure their loss rates.

Because of the serious data problems that currently exist, we urge the Subcommittee to move cautiously to review the new national data that will become available next spring, before legislating further changes in the program.

Thank you.

Senator **Pell**. Thank you very much.

[The prepared statement of Mr. Saunders and responses to questions submitted by Senator Hatch and a question submitted by Senator Stafford follow:]

TESTIMONY TO
SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES
COMMITTEE ON LABOR AND HUMAN RESOURCES
U.S. SENATE

DECEMBER 10, 1987

PRESENTED BY
CHARLES B. SAUNDERS, JR.
SENIOR VICE PRESIDENT
AMERICAN COUNCIL ON EDUCATION

Mr. Chairman and Members of the Subcommittee,

I appreciate the opportunity to testify about legislative steps to reduce defaults in the Guaranteed Student Loan Program on behalf of the American Council on Education. ACE is the major coordinating body for the nation's colleges and universities as well as national and regional higher education associations.

The increasing cost of defaults under the GSLP, and the high proportion of borrowers who default under that program, pose a difficult problem for all of us. During the early 70's, the GSL program served primarily to provide loans of convenience to middle-income students. In the late 70's, however, GSLs became much more available to low-income students as a result of legislative initiatives to improve lender participation and to establish guaranty agencies in each state. The dramatic increase in borrowers, from 700,000 in 1977 to 3.4 million in 1987, is one indication of the change which occurred.

Reliable national aggregate data on the characteristics of borrowers or defaulters are still unavailable, but several states have done useful studies documenting that defaulters are not typically middle-income students with high debt. Rather, they tend to be high-risk students with low family incomes, who take out only one loan and who complete only one year or less of postsecondary education.

The California Student Aid Commission has found that many defaulters enrolled for only a single year or part of a year and probably failed to complete their planned program. For such students, the Commission's draft report notes, "...the solution lies in increasing the likelihood of...persisting in college and successfully completing their program and degree objectives. Then, when their loans become due for repayment, they are much more likely to be employed and able to pay them back."

Similarly, the 1984 study by the New York State Higher Education Services Corporation reported that borrowers who were employed when their loans became due were more likely to begin repayment of their loans. A study in the same year by the Virginia Education Loan Authority indicated that the typical defaulter had completed one year or less of school.

More comprehensive national data will become available next spring from the Education Department's National Postsecondary Education Student Aid Survey (NPSAS). In March, results will be available to show who is borrowing under the GSL program, which institutions they are attending, and what other aid these students receive. The Department is doing an additional study of GSL borrowers after they leave school, including data on both defaulters and repayers, which will be available next summer. With the results of these two analyses, we will better equipped to assess the impact of proposed policy changes.

Working with existing information, two long-term higher education analysts, Martin Kramer and Bill VanDusen, in a Change magazine article last year, summarized their perception of the default problem:

"The defaulters are inhabitants of higher education's nether world. They include many who are not our 'invisible drop-outs,' but drop-outs period...They include many whose pecuniary existence is so hand-to-mouth that regular payments--or even a regular address--are a remote idea...Borrowing has not brought educational opportunity--it has made them worse off, with no degree but a sizeable debt."

Given this reality, we do not believe that the way to solve the default problem is to punish institutions that offer opportunities for such high-risk students, or deny student aid entirely to needy students currently attending. One important step the higher education community can make to reduce the incidence of default is to improve the institutional environment for academically high-risk students admitted to open admissions and equal opportunity programs. As the California Student Aid Commission report has stated, "Institutional admissions policies, instructional practices and performance, the level of support services, and student financial aid packages should all be examined as they relate to student retention and performance -- one of the most powerful predictors of successful repayment on student loans."

Improving retention among low-income students is a major institutional responsibility. However, federal and state funding is needed to supplement institutional resources and provide adequate student aid. Low-income students are taking out loans because the available federal grant and work assistance is inadequate; as very low-income aid applicants have increased, per-student benefits have failed to keep pace with inflation or increasing college costs. Between FY80 and FY87, the Pell Grant maximum award award increased only 20%, and the GSL maximum award did not increase at all.

We recognize the need for greater institutional efforts to address the default problem. This was the central theme of a joint letter sent in October by six higher education associations to the presidents of all colleges and universities. The letter urged them to give personal attention to implementing the new requirements of the 1986 Amendments to the Higher Education Act regarding institutions' responsibilities in the GSL program. Previously, institutions had almost no role in implementing provisions of the loan program except certifying enrollment status and need for funds.

In addition, ACE President Robert Atwell appointed a task force of higher education association officials earlier this fall to identify further steps the community needs to take on the GSL default problem. The task force, chaired by Dallas Martin, President of the National Association of Student Financial Aid Administrators, is developing guidelines for good practice and default prevention in the management of Guaranteed Student Loans.

We must do all we can through counselling and management to minimize defaults. To clarify responsibilities of the different parties involved in the loan process, the higher education associations have assembled a list of proposed legislative changes. These proposals cover a range of new responsibilities for institutions, states, and lenders, with emphasis on improvements in counselling at the time of loan origination and during exit interviews, and improved coordination among institutions, lenders, and guaranty agencies in tracking borrower addresses and disbursing loan proceeds only to students who persist. We have shared this list with the Committee, and the bulk of these recommendations are embodied in S.1931 introduced by Senator Simon.

We support stringent oversight by the Department concerning the diligence of all parties in the loan process in following federal requirements. Based on existing evidence, however, it seems that a number of institutions serving large populations of at-risk students would still have institutional default rates substantially above the national average even if all requirements for good management are met.

An institutional default rate by itself is not proof of poor institutional performance. Institutions do not perform the basic lender functions of originating or collecting Guaranteed Student Loans, nor do they have discretion under the law to deny GSLs to needy eligible students. The '86 Amendments specifically added language which prohibits institutions from refusing to provide lenders with the documentation on enrollment status and need which would enable eligible students to obtain a loan.

Moreover, an institutional default rate can be totally irrelevant in terms of identifying the location and cost of the default problem; for example, an institution with a very high default rate may account for very few defaulters and dollars, whereas, an institution with a much lower rate may account for several million dollars in loan defaults.

We do not believe that students should be eliminated from GSL eligibility simply because they are attending an institution with a large concentration of low-income students. If the Congress wants to reduce default costs substantially, it will be necessary to make major increases in other forms of aid in order to avoid reducing the national commitment to equal educational opportunity.

A significant part of the default issue relates to perceptions of what is an acceptable default rate. In the past, the Department has computed a gross cumulative rate which divides the amount of all loans which have ever defaulted by the total amount of loans which have ever gone into repayment. That number is almost 13%. In addition, the Department has computed a net cumulative rate which takes into account federal and state collections of defaulted loans. That rate is approximately 9%.

Under that method, gross institutional default rates, computed for the recent report by Federal Funds Information for

States, using tapes prepared by the state guaranty agencies, can range from 1% to over 90%.

The new method used by the Department in its November 4 press release on institutional default rates computes the number of loans which defaulted in two succeeding years divided by the number of loans which entered repayment in the first of the two years. We do not know what national default rate this method would produce, but institutional default rates under this method can vary from 0% to 100%. The Department has announced that 32% of the institutions participating in the program have rates over 20%, and that 500 institutions have rates exceeding 50%.

By looking only at borrowers who enter repayment in a given year, the default rate would be based on a small proportion of all loans in repayment, thereby creating the possibility of distortions that would unjustly penalize some schools. The Department's list of estimated default rates shows a number of institutions with default rates of more than 60%, based on fewer than five borrowers entering repayment in one year.

Unfortunately, the data around which this debate on institutional default rates is being waged are inadequate. The tapes produced by the state guaranty agencies, which were not prepared for the purpose of computing default rates, do not contain data on the amount of loans which have been repaid by borrowers, or the amount of defaulted loans for each institution which have been collected by federal and state agencies. These data on collections are needed to compute a meaningful net rate for each institution.

Moreover, the tapes include only data on the last institution attended by the borrower; therefore, two-year colleges are held responsible for their borrowers who do not pursue further education and who default, but get no credit in the default formula for their students who go on to four-year institutions.

A better way to measure default for the GSL program would be through the use of an annual rate, which would measure the percentage of loans which default in a given year in relation to the total number of loans in repayment during that year. This method is similar to that used by banks to measure their loss rates for other types of loans. We urge the Subcommittee to write such a definition of GSL defaults into the Higher Education Act.

Using this method and the Department's program data, we estimate that the gross annual rate for the GSLP, before counting collections by federal and state governments, would be substantially lower, roughly 7%, and that the annual rate, net of collections, would be 5%. This method would produce a rate which is more consistent with public understanding of the meaning of loan defaults, being comparable to bank rates for consumer loans, mortgages, etc.

A better method for computing a default rate, and better data on the extent to which low-income students are dependent on GSLs, and the reasons for default, will not solve the problem. Nevertheless, they will give guidance on the need for further legislative changes, and the impact which such changes would have on needy students. We urge the Subcommittee to review the new national data which will become available next spring before reporting further legislative steps to deal with this difficult and complex problem.

QUESTION FOR ALL WITNESSES TO BE SUBMITTED IN WRITING TO SENATOR ROBERT T. STAFFORD.

1. IT HAS BEEN SUGGESTED THAT LIFTING THE 60% CAP ON COST OF ATTENDANCE IN DETERMINING NEED IN THE PELL GRANT PROGRAM IS ONE WAY TO ADDRESS THE DEFAULT PROBLEM AMONG LOW-INCOME STUDENTS. WHAT IS YOUR REACTION TO SUCH A PROPOSAL? WHICH STUDENTS WOULD BENEFIT FROM SUCH A POLICY CHANGE AND WHICH STUDENTS WOULD RECEIVE LESS GRANT SUPPORT? WHAT WOULD BE THE EFFECT ON VARIOUS TYPES OF POSTSECONDARY INSTITUTIONS?

ACE response to Senator Stafford

Lifting the 60% of cost limit in the Pell Grant program would not be an effective way to address the loan default problem among low-income students. It would provide modest increases in Pell awards for needy students at low-tuition institutions, but these increases would not begin to make up for the loss of Guaranteed Student Loans. Needy students at high-tuition institutions would not receive any additional help.

The beneficiaries would be students from families with incomes less than $15,000 attending low-tuition institutions. Assuming a $2200 maximum award, the average increase in benefits would be $325. Approximately 1.2 million students would receive increased benefits, for an increase in program costs of $390 million. Over 60% of the increased benefits would go to students attending 2-yr. public institutions; 98% of the benefits would go to students attending public institutions.

Because of the small amount added to each grant, removing the 60% of cost limit would not substantially reduce the need for loan funds among those receiving increased benefits. Needy students in higher-priced institutions in the independent and proprietary sectors would not receive increased benefits.

For this reason, we believe that increased funding in the Pell Grant program should be used to increase the maximum award. Under the procedure adopted in the Higher Education Amendments of 1986, increases in the maximum award trigger comparable increases in the non-tuition expense allowance; therefore, awards are increased for all Pell Grant recipients including those whose awards are limited by the 60% of cost provision.

We strongly urge increases in Pell Grant and campus-based program funding to minimize dependence on loans and curtail default costs.

ACE responses to Senator Hatch

Question # 1

We believe that the purpose of federal student assistance programs is to enable needy students to finance postsecondary education appropriate to their abilities and interests irrespective of their financial circumstances. The cost of defaults should be reduced as much as possible through counseling and good management by all parties to the loan process, but in the absence of adequate grant and work funds, substantial default costs may be unavoidable since borrowers in this program are by definition a high-risk group.

Question # 2

The default problem is both a matter of the rate and the cost. If one controls for the characteristics of the borrower population, the rate measures the management success of those directly involved in the lending and collecting process, and the success of the borrowers' educational experience in enabling them to obtain employment and repay the loan.

We believe that low-income high-risk students who drop out and default on their loans because they cannot repay may suffer hardship because of the adverse consequences of default on credit relationships, and because of the stigma of having failed. In addition, we believe that default costs exert negative pressure on other federal student aid funds.

Questions # 4-5-6

Reliable national aggregate data on the characteristics of defaulters and the aid they receive, are not yet available, but several states have done useful studies documenting that defaulters are not typically middle-income students with high debt. Rather, they tend to be high-risk students with low family incomes who take out only one loan and who complete only one year or less of postsecondary education.

A recent analysis of default among borrowers who had attended public two-year and proprietary institutions, commissioned by the California state legislature, indicated that "...student characteristics are of overwhelming importance in correctly predicting defaulters, in contrast to the institutions they attend, or the administrative practices those institutions use to try to curb student defaults...Among the student characteristics associated with defaulting, dropping out is the single most potent predictor..."

A 1984 study of defaulters by the New York State Higher Education Services Corporation indicated that borrowers who were employed when their loans came due were more likely to begin repayment; 80% of repayers but only 26% of defaulters reported being employed at the time that their loans came due. In addition, there was a strong inverse relationship between default and the number of years spent in school. Borrowers who last borrowed in their first year of postsecondary education had the highest default rate.

More comprehensive national data will become available next spring from the Education Department's National Postsecondary Education Student Aid Survey (NPSAS). In March, results will be available to show who is borrowing under the GSLP, which institutions they are attending, and what other aid these students receive. The Department is doing an additional study of GSL borrowers after they leave school, including data on both defaulters and repayers, which will be available next summer.

Based on the limited state data now available, the most important recommendation about the aid package in reducing default would be to increase the grant and work components in the first semester, or first year, of postsecondary education, to minimize borrowing until students have completed enough postsecondary education to insure that they improved their economic circumstances enough to be able to repay their loans.

Question # 7

Income-contingent and income-sensitive loans are not a realistic possibility in the GSLP, which uses private capital, because commercial lenders refuse to tie repayments to the borrower's income for many reasons; requiring IRS forms for all borrowers would be an intrusion into privacy as well as a monumental paperwork burden.

Most students can repay in accordance with regular amortization agreements. For borrowers with low incomes after leaving school who have difficulty repaying their loans, it is more realistic to have income-sensitive or income-contingent repayment in a program administered by institutions because institutions of higher education are more willing to tailor special repayment terms to individual borrower circumstances. Institutions have greater incentives and willingness to make small loans and to exercise forebearance than commercial lenders.

The state guaranty agencies are operating a sort of income-sensitive program now when they collect the loan after a student defaults and the federal government pays off the lender. The state agency at that point collects whatever the borrower can repay.

Regarding the Administration's so-called income-contingent loan program, it is income-sensitive rather than income-contingent. Income-contingency implies that the borrower with a low after-school income might not have to repay the entire loan. Under the Administration's program, borrowers are expected to repay the entire loan and all interest regardless of how long it takes them. In addition, since interest accrues and compounds before the borrower enters repayment, and during any period in which his income is too low for his payments to cover interest as well as principal, the additional debt could result in more defaults rather than fewer.

Question # 8

There is the danger that reduced federal insurance for lenders might cause lenders to withdraw from the GSLP, or lend only to credit-worthy students; lenders have no obligation to lend to students, and can evaluate the student's financial situation if they desire (sec. 428 (a) (6)). If lenders declined to lend to high-risk students because of reduced federal insurance, state agencies could be hard-pressed to maintain a lender of last resort as required by the statute.

There is also the danger that reduced federal reinsurance to guaranty agencies could cause many of these agencies to increase student insurance premiums in order to build up reserves. We believe that the new provision in the 86 Amendments which charges agencies a reinsurance fee, the size of which is increased as the agency default rate increases, is a better incentive for state effort in default prevention.

We would recommend that Congress consult with lenders and state agencies regarding the impact of such risk-sharing proposals as these prior to serious consideration of implementation to avoid reducing the amount of funds available to needy students.

Question # 9

Institutions must increase their efforts in borrower counselling, and cooperation with state agencies and lenders in tracking borrowers. We have submitted to the Congress a list of improvements in this area.

Since institutions do not perform the basic lender functions of originating or collecting GSLs, nor do they have the discretion to deny an eligible student a GSL, we do not think that an institutional default rate by itself is proof of poor institutional performance.

We believe that institutional quality is the province of states and accrediting organizations. The HEA already gives the Department of Education significant authority to limit, suspend, or terminate institutions which have inadequate administrative procedures, or which misrepresent the nature of their educational program, their financial charges, or the employability of their graduates.

Question 10

State agencies would probably have the best perception of the impact thus far of multiple disbursement, due diligence and other improvements in the 86 Amendments.

Question # 11

Given that default is to a large extent a function of the characteristics of borrowers and their ability to persist in school, we do not believe that there is a minimum realistic default rate. We would prefer that needy students be able to finance their education through parental savings and parental loans, and need-based grants and work, rather than student loans; but in the absence of adequate funds from these sources, we believe that the GSL program serves a good public purpose.

Question # 12

We described the annual default rate in our testimony, which we believe is more equitable and understandable than either the cumulative rate which the Department has used in the past, or the new cohort rate which it now proposes. We support the use of an annual rate, such as that used by banks and other financial institutions, based on the number of loans defaulting in a given year as a percentage of all loans in repayment.

We do not believe that an institutional default rate is a valid criterion to use to eliminate institutions from program eligibility, but if an institutional rate is used as one indicator of the need for program review, we believe that the rate should take into account the income distribution of borrowers in that institution, as Senator Simon's bill, S. 1931, does.

Question # 13 not applicable to ACE

Question # 14

As we discussed under question #8, risk-sharing proposals could reduce the amount of loan capital available to needy students. It may be possible to avoid this outcome by calibrating lenders and state agencies according to how many low-income students they serve, so that standards for an acceptable default rate take into account the characteristics of the borrower population.

Question # 15

We do not have a data base which would allow us to estimate the savings which would result from eliminating "ability-to-benefit" students from GSL or Title IV eligibility, but we assume that the savings would be significant. We could not support eliminating these students, however, because of their need for federal funds to make postsecondary attendance possible. It would be preferable if these high-risk students could finance their education with grant and work funds instead of loans, but in the absence of these other resources, we continue to support their GSL eligibility.

Senator **Pell**. Thank you very much.

I was quite startled by the figures that Dr. Martin had. Obviously, there is no secret about them, but I don't think many of us are aware of them.

In other words, the point you are driving at, as borne out by the figures, is that the net default rate is less now than it was in 1978.

Dr. **Martin**. That is correct, Senator.

Senator **Pell**. But because the amount has gone up so much is where the sharp——

Dr. **Martin**. Well, the problem is that the loan program has grown substantially, Mr. Chairman. In 1976, when you were involved in those Amendments, we recognized at that time that the GSL program needed some changes, and one of the things that the evaluation showed was that if you had a viable State agency working with that, that lender participation was greater, and so on. In 1976, at the time that those Amendments were reenacted, there were only 26 State agencies in the country that actually had viable agencies. You moved forward, because of the legislation, to change that. If you look at those 26 States, they represented in postsecondary student populations at that time 53 percent of the students that were enrolled. So that meant 47 percent of those other students basically had little to no access. Well, we changed that between 1976 to 1980, and that was a tremendous success to finally make loans widely available.

As a result of that and the success of the program, we have seen loan volume, as this chart shows, increase substantially.

Now, defaults have gone up, but they also have remained equal or slightly below as a percentage of what the total volume is. And I think that this totally gets lost when the Secretary and others simply use one of the lines on here. What is important is looking at both the loan volume, the amount of matured paper, and then the default rate. That gives you a truer picture of whether or not it is really out of control.

Senator **Pell**. What you have here, too, is the fact that the default rate did not worry us as much when fewer tax dollars were involved. Now that so many tax dollars are involved, it worries us a great deal more.

Dr. **Martin**. There is no doubt about that.

Senator **Pell**. And I think what we did not focus on ten years ago or eight years ago now has to be focused on because of the very volume and the size of it, and also what it does to the cause of Federal aid for education in the country as a whole, amongst the taxpayers. And also the thing that bothers me is the thought that such a large number of young people are starting out in life as deadbeats, and that must have a psychologically wearing effect to do it in other ways.

Could you give us a general idea, any of you, as to the amount of educational debt that today's typical college graduate has and how that would translate into monthly payments? I remember once talking to a medical student who was here, and he said he would have over $100,000 in debt when he finished, and he expected to get married to a young woman who was also a potential doctor; that meant that they would start out with a fifth of a million dollars in potential debt. That is an extreme example.

Senator STAFFORD. Yes. That means he has to do 100 appendectomies in his first year. [Laughter.]

Mr. SAUNDERS. Mr. Chairman, we looked at that recently. I believe the average for college graduates is about $6,000 of debt. Of course, it is much greater than that for graduates of professional schools, medical schools, and so forth. But on the average, it is not all that high.

Dr. MARTIN. I think you would see, though, Senator Pell—and I would agree with Mr. Saunders—we did a study a few years ago with some support from the Lilly Foundation—and I'll be happy to provide the Committee with a copy of that—because we looked at people and what they had borrowed and some of the problems of repayment. The thing we are concerned about, though, is that we know that financial aid administrators have changed packaging policies in the last few years because grant dollars have declined. And we are finding that aid administrators, even at low-cost schools in many cases now, are being forced to certify a GSL, often a full one, for a student who is low- to moderate-income family at the beginning of their freshman year.

A few years ago, most aid administrators were able to avoid using loans until maybe the student was a junior or a senior. That is no longer the case. So indebtedness is growing to some degree.

Mr. GLADIEUX. I might say, Mr. Chairman, that I think Dr. Martin is absolutely right about the rate of default over the past ten years. What has grown is volume, and therefore the absolute dollar amount of defaults has increased as well. But as the profile of borrowers changes and becomes increasingly low-income, I think we do have to worry a bit about the future rate of default and prospect of continued growth in that mountain of defaults.

Senator PELL. I gather, when you consider the two alternative pieces of legislation that are being proposed, the Administration with its 20 percent cutoff, its application to all student aid programs, and its mandatory nature, would be less pleasing to you than our proposal of a 25 percent cutoff just covering GSL, and permissive rather than mandatory, to take into account the situation of the traditionally black colleges and others.

Would that be a correct statement—and could you live with the second?

Dr. MARTIN. Well, Mr. Chairman, I think we obviously will live with what you give us. But let me say that I think the point that we have tried to make about the loan defaults—and I think Mr. Saunders made the same statement—they are an indication perhaps of weaknesses in an institution. And I agree that it may be appropriate to review an institution based upon what they show as a loan default. But it may not be true. We may find that an institution is complying with everything in the law, that they are following good practices and so on, and that is the reason caution needs to be given.

The Secretary said today that with his procedure, he estimates this could affect about 30 percent or a little over 2,000 institutions. He is going to subject them all to L, S and T. I am going to be curious to see how the Department is going to deal with that. They have only eliminated 116 institutions through termination since 1980. And they don't even have enough people now, according to his figures, to go out and do program reviews, to deal in the field. My belief is that they should be concentrating their efforts on the front end and assisting those institutions that need technical assistance, working with schools to establish sound management practices; if he can identify these people now, let's go out and do something about it. That is his role and his responsibility.

So while I think it is appropriate that we have to evaluate this, and we want to make certain that institutions are doing the right thing, I also think that there are some positive steps that can be taken by all of us.

I don't believe that the law needs to be changed dramatically. I think there is enough authority right now in the law that we can deal with most of these things.

I think it is basically a case of the Department working carefully and constructively and in a pro-active way and working with the community, which we are willing to do, and I think we can make a difference here.

But I also repeat that I think this Congress has responded very responsibly in the actions that you have taken in the last couple of years of tightening up this program. We are just now beginning to see the effects of those, and I have no doubt that those are going to make a significant difference.

If we are correct on that, then perhaps the 25 percent or whatever that you have proposed there would be a reasonable figure.

Mr. **Saunders**. Senator, if I could make a further comment on that, I would just like to emphasize the need for flexibility in defining this default rate problem. And I was encouraged, frankly, by the Secretary's testimony this morning. He seemed to be trying to make it clear that the Department would administer these provisions with great flexibility.

But for example, Senator Simon's bill would require the default rate to be based on an average of the last three years. That would provide some additional flexibility for special circumstances, and it would also require taking into account the proportion of very needy students at the institution.

So I think to the extent that you can work in the flexibility to deal with those kinds of circumstances, then you have a more useful measure. But just an arbitrary percentage rate raises a lot of questions in our mind.

Senator **Pell**. Of course, that spectacular chart that he showed us at the beginning of the hearing was based on dollar percentages, not volume. And it still is quite a shocker that almost half the cost of the GSL program is in default.

That is the other overwhelming factor that we have to try to balance.

Mr. **Saunders**. It is shocking. Another part of the perception problem is that if you did measure defaults on an annual basis, net of repayments, as Senator Simon proposes, our best estimate is that the national default rate for the Guaranteed Loan Program is in actuality, using that measure, about 5 percent. In other words, that gives us a much more accurate picture of what the problem is; that 95 percent of the loans are being repaid.

Senator **Pell**. Thank you very much.

Senator Stafford.

Senator **Stafford**. That does not eliminate the fact that $1.6 billion is being spent to pay banks for loans that are in default. This is a shame. As a nation we need to use that money for more guaranteed student loans and not for paying off defaults.

Senator **Pell**. Or better yet, the problem is the reversal from one-quarter loans and three-quarters grants to one-quarter grants and three-quarters loans now. That is part of the problem.

Mr. **Saunders**. We would certainly agree with that.

Senator **Pell**. Thank you, gentlemen, very much indeed. You are brilliant professionals in this field, and it was a pleasure to hear you.

I would insert in the record at this point the State-by-State and the school-by-school results of two default studies, one by the Department of Education, and the other commissioned by the National Governors Association.

I would also ask unanimous consent that the record remain open for two weeks beyond our December 17th hearing for the submission of additional testimony.

The study by the Department calculates defaults on the basis of data over a two-year period, while the Governors Association study is based on aggregate data over the life of the GSL program, just accounting for the discrepancy that some colleges have understandably found very disturbing when they see themselves with two different sets of figures with regard to defaults.

I realize these are rather bulky for the hearing, but I think when it comes to debate on the floor, every Senator will be interested in looking up his own State and seeing what the facts are.

Dr. **Martin**. Senator Pell, if I may—I think that is excellent that you are entering those, and I realize it is a complicated issue—I might just add if you have not yet seen the letter that the Assistant Inspector General for Audits, Mitchell Lane, sent to the Department about that data, which was sent to them about the source of that earlier, you might also want to include that letter, because it says some things about the quality of that data and where it came from that might be helpful as well.

Senator **Pell**. Good. Without objection, and provided it meets certain standards of accuracy itself.

Dr. **Martin**. I just go by what this gentleman says. I assume he knows what he is talking about.

Senator **Pell**. It is provisionally accepted.

Dr. **Martin**. Thank you.

[Additional statement for the record and the document referred to by Mr. Saunders and Dr. Martin follow:]

aascu
American Association of State Colleges and Universities
One Dupont Circle/Suite 700•Washington, DC 20036-1192•202/293-7070•Cable: AASCU-Washington, DC

December 18, 1987

Honorable Claiborne Pell
U.S. Senate
Washington, DC 20510

Dear Senator Pell:

At last Friday's hearing you raised a question concerning the 60% cost limitation in the Pell program which unfortunately went unanswered. I would like to take this opportunity to give you my own thoughts on this topic.

AASCU has a long history of urging the elimination of the Pell grant cost of attendance limitation. As you pointed out in a recent speech, that limitation is a deterrent to access. Probably the most important single step Congress could take to both encourage postsecondary education access and reduce default costs would be to eliminate the 60% cost of attendance limitation that curently exists in the Pell Program.

If you decide to do that, I think it would be useful to restructure the Pell program to reflect student persistence and institutional responsibility to a student. By this I mean the following: the longer a student attends postsecondary training, the more likely he or she will repay student loans. The profile of student loan defaulters can be characterized as one time borrowers who didn't complete their course of study. Students who persist tend to repay their loans. The flip side to this is as students persist, the institutions then have a greater stake in assuming responsibility to assist in financing school. The persistent student has demonstrated that he or she can make it; he is no longer the high risk student. Thus, the institution and the student himself should shoulder more of the cost of college. Thus, my suggestion.

As a student persists through college, Pell should cover a decreasing amount of one's cost of attendance with institutional aid and perhaps loans taking up where Pell leaves off. Thus, for a first year student, Pell could cover 100% of cost, up to a statutory maximum (a good proxy for this maximum could be the cost of a community college education). For those students who by choice want to attend a public or private institution whose costs are more than the statutory maximum, campus based aid and loans should be available to meet, in combination with Pell, full need. In the second year, Pell would cover not 100%, but a lesser amount, say 80%. This percentage could be gradually decreased, with the difference being made up by campus-based aid, institutional aid, and/or loans.

I offer this suggestion as one way of looking at a realignment of the Pell program in an attempt to encourage access and reduce reliance on loans for low-income students. I am prepared to discuss this with you further.

Sincerely,

Richard T. Jerue
Vice President for Governmental Relations

Connecticut
Student Loan Foundation
25 PRATT STREET..... HARTFORD, CONN. 06103

Telephone 547-1510

Vincent J. Maiocco, President

November 25, 1987

The Honorable William J. Bennett
Secretary of Education
Room #4181, Federal Office Building #6
400 Maryland Avenue, S.W.
Washington, D. C. 20202

Dear Secretary Bennett:

As President of the Connecticut Student Loan Foundation, I feel that it is my responsibility to respond to your recent news release relevant to student loan defaults.

Everyone, for obvious reasons, agrees that defaults should be kept at a minimum. It also is the consensus, especially from the political arena, that every American, regardless of their financial ability, should have the opportunity to participate in some form of post-secondary education. I interpret this to mean that anyone who uses that opportunity also inherits the responsibilities that accompany that opportunity. You emphasized this point in your November 4th statement by mentioning how the student offered his signature and gave his promise to repay the loan. You then, however, disclosed your plan to punish schools because these same students did not honor that signature or promise.

I realize that there are many factors to consider. All parties (the Federal and State Governments, Lenders, Schools, Guarantee Agencies and Students) have responsibility in this matter, but, realistically, a plan must be prepared where all play an equal part. Denying access to new students will not solve this problem especially in the public Community College system or in private schools, which happened to be located in or near the inner city areas. Charging additional fees to new students or reducing fees to lenders also will not resolve the issue. This will only chase lenders out of the program and add additional debt burdens on new students who had nothing to do with the

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Vincent J. Maiocco, President

December 9, 1987

Claiborne Pell, Chairman
Senate Subcommittee on Education,
Arts and Humanities
Washington, D. C. 20510

Dear Mr. Chairman:

I have attached for your information comments on the proposal offered by the U. S. Department of Education concerning the default rate for guaranteed student loans. If there is no objection, I would like my comments inserted into the record for the hearings conducted by your Subcommittee on December 11 and 17 of this year.

If you have any questions, please do not hesitate to call me.

Respectfully,

Vincent J. Maiocco
President

lmm

cc: Senator Christopher Dodd
Senator Lowell P. Weicker, Jr.

problem.

Some possible suggestions for your consideration might be the following:

A) Student Defaulter Provisions

1) Increase the interest rate to prime plus 3 1/2%. This will insure that defaulters do not get a better deal than those students who lived up to their promise or obligation to repay their student loan.

2) Charge defaulters collection costs for in-house collection work, as well as litigated matters.

3) Limit broad access to Agency's files so defaulters cannot disrupt office procedures and stall the attempt to collect on student loans.

4) Encourage passage of garnishment of wages provision that allows for the garnishment of wages through an administrative process prior to the initiation of a lawsuit.

5) Allow liens to be placed on inheritances.

6) Clearly exempt guarantee agencies from the Fair Debt Collections Practices Act and exempt guarantee agenices from the Consumer Protection Laws, which often allow borrowers to avoid their obligations by way of a technicality.

B) Lender Provisions

1) Develop a specific set of guidelines to follow in the making of loans.

C) School Provisions

1) Require extensive exit interview procedures to inform the student borrower about his/her rights and obligations.

2) Withhold transcripts of defaulted borrowers.

3) Require entrance examination tests prepared or accepted by the Federal Commission on Education and/or a nationally recognized accrediting agency.

D) Guarantee Agency Provisions

1) Authority to use LST Regulations against school for violations with assurance from Federal Government that a school could not then use National Guarantors.

I applaud your effort to start some action on this very serious issue, but hope your ultimate plan involves much more than just punishing schools. I hope, in your deliberations, you will consider socio economic factors, ability, need, location, enrollment policies, types of institutions, and will call upon me and my colleagues to assist you in bringing about a realistic and sensible resolution to this very important problem.

Respectfully,

Vincent J. Maiocco
President

lmn

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

March 13, 1987

Management Improvement Report No. 87-06

TO: C. Ronald Kimberling
Assistant Secretary for Postsecondary Education

FROM: Mitchell L. Laine
Assistant Inspector General for Audit

SUBJECT: Guarantee Agency Record Dump Data Is Not Complete or Accurate

The purpose of this memorandum is to advise you of the quality of the Guarantee Agencies' Guaranteed Student Loan Program (GSLP) Record Dump Data currently being used by the Office of Student Financial Assistance (OSFA). Our survey work on the Fiscal Year 1985 data evidenced that it is neither a complete nor an accurate picture of any guarantee agency's operation. Complete and accurate data is needed for OSFA to meet the requirements of establishing internal controls and properly monitoring and managing the $60 plus billion GSLP. Management's use of the current data will result in the Department of Education (ED) making incorrect decisions in monitoring and managing the multibillion dollar GSLP.

BACKGROUND

OSFA recognized in 1978 that there were few sources of information to determine what was occurring at the guarantee agencies regarding the operation of the GSLP. To address this problem, OSFA and the agencies worked together in 1980 to establish a system to gather information on the agencies' GSLP data. The system became known as the "Student Loan Guaranty Record Dump Procedures," (hereafter referred to as "Tape Dump Procedures").

The Tape Dump Procedures were created by a joint committee of OSFA and the Paperwork and Data Processing Committees of the National Council of Higher Education Loan Programs (NCHELP). Tape Dump Procedures were published as the "U.S. Department of Education, State Guarantee Agency, Student Loan Guaranty Record Dump Procedures." These Tape Dump Procedures contained 42 pages of instructions and six appendixes on how each guarantee agency should prepare loan data.

The participation by guarantee agencies in providing the data has been, and still is, on a voluntary basis. ED does not have any regulations strictly requiring guarantee agency participation. Current regulations issued on November 10, 1986, merely state that, "A guarantee agency shall submit to the Secretary ... (4) Any other information concerning the loan insurance program, at such frequency as determined by the Secretary (34 CFR 682.414)."

ED states in the "Tape Dump Procedures" that the actual purpose for guarantee agencies providing their loan data to ED is "not yet ... fully defined." Nevertheless, an NCHELP committee published the following purposes for which ED planned to use the data:

- prepare materials for budget purposes,
- provide the General Accounting Office (GAO) with data,
- provide for program oversight capabilities,
- provide national statistical information by type of educational or lending institution,
- produce statistics by individual state program,
- provide each state with the identification of students receiving loans in more than one state, and
- produce comparative information on state programs.

OSFA contracts with Boeing Computer Services to process the guarantee agencies' tapes. Boeing receives each agency's data tapes, edits the tapes, and compiles them into the agencies' GSLP tape dump. Boeing then prepares various analyses of the data. OSFA's cost for contracting with Boeing for Fiscal Year 1986 guarantee agency tapes was $1,056,303. This did not include expenses incurred by the agencies to create the data tapes.

GUARANTEE AGENCY DATA IS NOT COMPLETE OR ACCURATE

Evaluations of the data by OSFA and analyses by the Office of Inspector General (OIG) have shown that significant errors render the guarantee agency data of limited value in ED performing any oversight of the GSLP or for agencies evaluating their own operations.

OSFA's Evaluation of the Guarantee Agency Tapes

OSFA evaluated the 1985 data to ascertain data fields left blank. Of 300 million data fields from more than 12.5 million borrower records, over 20.1 million or 6.7 percent of the data fields were left blank as shown by the following examples:

-- Enrollment Status, an important data field for evaluating in-school interest, contained over 1.5 million blank fields. This equates to $3.75 billion in GSLP loans without loan status codes indicating whether the borrower is in-school or not (1.5 million blank enrollment status or borrowers x $2,500 per loan = $3.75 billion in loans).

-- Loan Status Code, a code that indicates if a borrower is in-school, in deferment, paid-in-full, or dead, etc., had almost 400,000 borrower records with blanks. This says that 3.5 percent of the records did not show a borrower's status, which equates to a billion dollars of loans without status codes (assuming a loan amount of $2,500 x 400,000).

-- Loan Status Date showing when the loan status was last checked by each lender had over 425,000 blanks, amounting to $1.25 billion of loans.

-- Total Amount Approved for Academic Year which is used to check if borrowers are exceeding loan limits, had almost 2 million blanks. Also, if the total of approved loans is used for budget purposes, the total amount will be understated by 15-20 percent.

-- Beginning Period of the Loan had over 174,000 blank fields.

-- Ending Period of the Loan had almost 1.7 million fields with data missing. Beginning and ending loan periods are important data fields, in that they allow for a number of compliance checks, i.e., overlapping loans.

The OSFA evaluation indicated only two states did not use blank fields and that the remainder averaged over 350,000 blank data fields with one state having over 3.2 million blank data fields.

OSFA's 1985 guarantee agency data evaluation results call into question the use of the data as a source of analysis or oversight of the GSLP. This is based on the evaluation's results that showed on the average each borrower's record contains at least one blank data field. When key fields are left blank, neither ED nor the agencies have a reliable basis for using the data for budget or oversight purposes.

ED-OIG's Analysis Confirms the Limited Value of the Data

ED-OIG analyzed 1985 guarantee agency data using an audit software program (Audit Analyzer). Audit Analyzer programs were created to: 1) review the data for compliance with laws and regulations; 2) sort the data based on volume of potential problem areas, i.e., schools with high defaulted loan amounts, lenders with high number of "never enrolled"; and 3) create profiles on agencies, schools, lenders, and borrowers. These programs indicated potential problem areas in the range of $100 million to $224 million.

The Audit Analyzer program revealed:

-- Never Enrolled Borrowers Sorted by Lenders - this program indicated more than 85,000 borrowers, who received loans of more than $224 million, were shown as not attending school. In other words, the borrower could have received the loan funds and not have used the funds for educational purposes.

-- In-School Status Loans 5 Years Old and No Loan Status Update for 2 or More Years - this program identified loans totaling over $100 million where it had been 5 years since the borrower received a loan, and the loan status had not been updated from an in-school status for over 2 years by the lender.

The extent of the ED-OIG's analysis of the GSLP data was severely limited because of the large number of blank data fields. For example:

-- An analysis of the data will not produce an accurate total of defaulted loans. OSFA's analysis indicated that almost 400,000 loan status fields were left blank and we noted that one agency did not include any defaulted loans. Therefore, an analysis of default data would not be reliable because the data does not contain a complete universe of defaulted loans.

-- An analysis of schools obtaining 50 percent or more of their loans from one lender indicated that the data for loan status was inaccurate. For example, one lender had over 15,000 loans outstanding with none coded as defaulted. It is unlikely that a lender would have zero defaults with a portfolio of 15,000 loans.

-- Some agencies significantly overstated the number of borrowers and loans in their data by reporting all loans of a borrower rather than the last loan guaranteed.

ED-OIG's Testing of the Data Base Indicates Some Data Inaccurate

To test "Never Enrolled" data, we identified schools and lenders with borrowers that never enrolled. Our objective was to determine whether borrowers actually attended school.

We reviewed 54 borrowers shown as "Never Enrolled" at a school and found 41 borrowers did attend school. Therefore, the "Never Enrolled" data for that school was only 24 percent accurate.

A prior ED-OIG audit (ACN 04-40115) also noted a low accuracy rate for the GSLP data. Verification of loan data on about 1,200 borrowers showed this data to be about 50 percent accurate.

Budget Constraints

OSFA's previous Chief of the Guaranteed Student Loan Branch reported an underlying problem in that there is an insufficient budget amount to properly complete the guarantee agency data analysis. The former Chief stated in a memo dated 19 5 and titled "Overview of Problem Areas, Major Issues and Initiatives Related to the Guaranteed Student Loan Program" that:

> "Program budget constraints and contractual demands hamper the ability to receive, process, and analyze borrower specific data from the guarantee agencies via the annual tape exchange. Program needs and operational priorities are not always in alignment."

In conclusion, because of the problems noted, OSFA's and NCHELP's objectives of complete and accurate data have not been met. Complete and accurate GSLP data is essential to related analysis for properly monitoring and managing the $60 plus billion GSLP. Currently, over $1 million per year is being expended to develop GSLP data and prepare reports that are of little or no value.

The Federal Managers' Financial Integrity Act and OMB Circular No. A-123 require management to establish controls which act as safeguards against "waste, loss, unauthorized use, and misappropriation." Implementation of the following recommendations should assure: 1) not only the annual GSLP data processing expenditure of $1 million will be better utilized, but 2) that ED has data to identify costly practices by the GSLP's agencies, lenders, schools, and borrowers.

The Higher Education Amendments of 1986 (P. L. 99-498) authorized ED to establish a national GSLP data base. However, because of start-up time needed to get a national GSLP data base operational, the current Guarantee Agency Record Dump of GSLP data should be improved and used in the interim, then used as a crosscheck in developing and establishing the national GSLP data base.

RECOMMENDATIONS

We recommend that OSFA:

1. not use the GSLP data without qualifying the data to the potential user as an inaccurate and incomplete source,

2. require agencies to submit complete and accurate GSLP data,

3. establish a procedure to verify the agency data,

4. issue regulations that act as Official Guarantee Agency Record Dump Data Guidelines, and

5. complete recommendations 1 through 4 then use the GSLP data to establish trend analyses and appropriate controls required by the law.

We would appreciate your views and comments concerning our recommendations within 30 days of the above date. If you have any questions or would like to discuss our recommendations, please contact me on 245-0621 or Carol Lynch, Chief, Postsecondary Education Audit Branch, on 472-6155.

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

GUARANTEED STUDENT LOAN FY 1985 DEFAULT RATES BY POSTSECONDARY INSTITUTIONS

Attached is a list indicating the FY 1985 default rate of the 7,295 postsecondary institutions, grouped by state or location, participating in the Guaranteed Student Loan (GSL) program. The FY 1985 default rate is calculated as the percentage of borrowers entering repayment in FY 1985 who default before the end of FY 1986.

This listing is based on FY 1985 and FY 1986 GSL data reported by state and other guarantee agencies to the Department of Education. These data were voluntarily reported. Starting in FY 1987, reporting of these data is mandatory and data quality will be improved.

For each institution, the following information is provided:

1. Institutional name as listed on the FY 1986 data base. Some of the institutions listed have since closed.

2. Default rate (percent in default) calculated as a percentage of borrowers entering repayment status in FY 1985 who default in FY 1985 or FY 1986. On the printout this is called a "2-year rate," but technically this default rate is known as the FY 1985 "cohort default rate" because the rate tracks the defaults of the group (cohort) of borrowers entering repayment status in FY 1985 for two years (FY 1985 and FY 1986).

3. Number of borrowers in repayment status. This is the number of borrowers entering repayment status in FY 1985, not the number of borrowers repaying their loans. To get the number of defaulters, multiply the default rate by the number of borrowers in repayment status.

For further information, contact:

John Bertak or Tom Lyon
Office of Public Affairs
U.S. Department of Education
Washington, D.C. 20202
(202) 732-4576

ALASKA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ANCHORAGE COMMUNITY COLLEGE	29.0323	31
ALASKA BUSINESS COLLEGE INC	27.2727	11
SHELDON JACKSON COLLEGE	18.7500	16
U ALASKA SOUTHCENTRAL SENIOR COL	17.2414	29
ALASKA PACIFIC UNIVERSITY	11.1111	9
U ALASKA MAIN CAMPUS	4.6154	65
U ALASKA ANCHORAGE CMTY COL	0.0000	7
UNIVERSITY OF ALASKA	0.0000	4
U ALASKA MANTANUSKA-SUSITINA CMTY C	0.0000	1
U ALASKA KODIAK CMTY COLLEGE	0.0000	1
U ALASKA SOUTHEASTERN SENIOR COL	0.0000	1
TANANA VALLEY COMMUNITY COLLEGE	0.0000	4

ALABAMA -2-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
S D BISHOP STATE JR COLLEGE	100.000	9
NORTHWEST ALABAMA STATE JUNIOR COL	100.000	1
SOUTHWEST STATE TECH INSTITUTE	100.000	2
C A FREDD STATE TECH COLLEGE	100.000	3
OPELIKA STATE TECHNICAL COLLEGE	100.000	2
GEORGE CORELY WALLACE ST CMTY COL	100.000	1
HOBSON STATE TECHNICAL INSTITUTE	100.000	2
CARVER STATE TECH TRADE SCHOOL	100.000	3
BESSEMER STATE TECHNICAL INSTITUTE	100.000	8
WALKER STATE TECHNICAL COLLEGE	100.000	3
PROVIDENCE HOSP SCH OF NURSING	100.000	1
SYLACAUGA HOSP SCH OF NURSING	100.000	1
GEORGE C WALLACE STATE COMMUNITY CO	100.000	2
BIRMINGHAM COLLEGE OF ALLIED HEALTH	100.000	14
LAWSON STATE COMMUNITY COLLEGE	96.000	25
SHELTON STATE COMMUNITY COLLEGE	92.857	14
DENNIE'S ALABAMA BEAUTY COLLEGE	92.308	26
DRAUGHONS JUNIOR COLLEGE	85.000	20
TRENHOLM STATE TECH INSTITUTE	84.091	44
JAMES FAULKNER STATE JUNIOR COLLEGE	83.333	6
CHRIS BEAUTY SCHOOL	80.769	26
MILES COLLEGE	80.000	10
GADSDEN STATE JUNIOR COLLEGE	75.000	8
JEFFERSON STATE JUNIOR COLLEGE	75.000	12
PATRICK HENRY STATE JUNIOR COLLEGE	75.000	4
SOUTHERN VOCATIONAL SCHOOL	73.077	26
GADSDEN BUSINESS COLLEGE	71.429	7
WALKER COLLEGE	66.667	6
REID STATE TRADE SCHOOL	66.667	6
CHAUNCEY SPARKS STATE TECH COL	66.667	3
NEW WORLD COLLEGE OF BUSINESS	66.190	210
SOUTHERN BUSINESS COLLEGE	63.732	284
SOUTHERN TECHNICAL COLLEGE	63.636	22
JOHN C CALHOUN STATE COMMUNITY COL	62.500	24
TWENTIETH CENTURY COLLEGE	60.714	56
FAULKNER UNIVERSITY	58.333	24
ALABAMA STATE UNIVERSITY	57.143	98
NATIONAL CAREER COLLEGE	55.556	36
HERZING INSTITUTES OF ALABAMA	53.271	107
ALABAMA A & M UNIVERSITY	50.000	68
ENTERPRISE STATE JUNIOR COLLEGE	50.000	2
SNEAD STATE JUNIOR COLLEGE	50.000	2
STILLMAN COLLEGE	50.000	30
ST VINCENTS HOSP SCH OF NURSING	50.000	2
CHATTAHOOCHEE VALLEY COMMUNITY COL	50.000	8
RILEY BUSINESS COLLEGE	50.000	4
AUBURN UNIVERSITY AT MONTGOMERY	46.809	47
LIVINGSTON UNIVERSITY	45.833	24
UNIV OF MONTEVALLO	44.444	18
NATIONAL EDUC CTR-NAT INST OF TECH	44.444	9
JEFFERSON DAVIS STATE JUNIOR COL	42.857	14
TALLADEGA COLLEGE	42.424	33

ALABAMA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GEORGE C WALLACE ST TECH JR COLLEGE	41.6667	12
COASTAL TRAINING INSTITUTE	40.8946	313
ATHENS STATE COLLEGE	38.4615	13
ALEXANDER CITY STATE JUNIOR COLLEGE	33.3333	3
BOOKER T WASHINGTON BUSINESS COL	33.3333	9
NORTH ALABAMA COLLEGE OF COMMERCE	33.3333	63
OAKWOOD COLLEGE	31.0127	158
UNIV OF ALABAMA BIRMINGHAM	30.3030	99
TROY STATE UNIV MONTGOMERY	28.9474	76
TUSKEGEE UNIVERSITY	26.9565	230
BIRMINGHAM SOUTHERN COLLEGE	25.0000	20
JOHN H PATTERSON STATE VO-TECH SCH	25.0000	4
ALABAMA AVIATION & TECHNICAL COLLEG	25.0000	16
TROY STATE UNIV MAIN CAMPUS	23.6641	131
HUNTINGDON COLLEGE	23.0769	13
UNIV OF SOUTH ALABAMA	19.8198	111
RETS ELECTRONIC INSTITUTE	18.7500	32
MOBILE COLLEGE	16.6667	12
UNIV OF ALABAMA HUNTSVILLE	13.4615	52
JACKSONVILLE STATE UNIVERSITY	12.9310	116
UNIV OF NORTH ALABAMA	12.1951	82
UNIV OF ALABAMA MAIN CAMPUS	11.5625	320
SPRING HILL COLLEGE	4.2553	47
AUBURN UNIVERSITY MAIN CAMPUS	3.5477	451
SAMFORD UNIVERSITY	2.9126	103
DANIEL PAYNE COLLEGE	0.0000	1
JUDSON COLLEGE	0.0000	11
MARION MILITARY INSTITUTE	0.0000	16
SELMA UNIVERSITY	0.0000	1
SOUTHERN UNION STATE JUNIOR COLLEGE	0.0000	4
ST BERNARD COLLEGE	0.0000	1
TROY STATE UNIV FT RUCKER	0.0000	3
J F DRAKE STATE TECHNICAL INSTITUTE	0.0000	3
NORTHWEST ALABAMA STATE TECH COL	0.0000	4
MUSCLE SHOALS TECH INST	0.0000	1
LURLEEN B WALLACE STATE JUNIOR COL	0.0000	1
HUNTSVILLE COOP SCH OF MED-TECH	0.0000	1
DRUID CITY HOSP SCH OF MED TECH	0.0000	1
MANLEY L CUMMINS SCH NURSE ANESTHESI	0.0000	1
UNITED STATES SPORTS ACADEMY	0.0000	10
INTERNATIONAL BIBLE COLLEGE	0.0000	1
MASTERS INSTITUTE OF COSMETOLOGY	0.0000	1
AMERICAN INSTITUTE OF PSYCHOTHERAPY	0.0000	1
UNIV OF ALABAMA SCH OF MEDICINE	0.0000	3
UNIV OF SOUTH ALABAMA COL OF MED	0.0000	1
UNIV OF ALABAMA SCH OF DENTISTRY	0.0000	6
UNIV OF ALABAMA SCH OF OPTOMETRY	0.0000	3
AUBURN UNIV-SCH OF VETERINARY MED	0.0000	13
TUSKEGEE INSTITUTE SCH OF VET MED	0.0000	3

ARKANSAS

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SHORTER COLLEGE	100.000	1
NORTHWEST VOC-TECH SCHOOL	100.000	1
PHILANDER SMITH COLLEGE	81.818	22
CAPITOL CITY JUNIOR COLLEGE	67.610	318
DRAUGHON SCHOOL OF BUSINESS	66.667	3
CAPITAL CITY BUSINESS COLLEGE	63.182	220
ARKANSAS PARAMEDICAL INSTITUTE	50.980	51
ARKANSAS ACADEMY OF HAIR DESIGN	50.000	2
QUAPAW VO-TECH SCHOOL	50.000	2
SOUTHERN BAPTIST COLLEGE	45.161	31
COTTON BOLL VOC TECH SCHOOL	42.857	14
UNIV OF ARKANSAS MED CTR	33.333	3
AMERICAN COLLEGE	30.245	734
MISSISSIPPI COUNTY CMTY COL	27.273	44
HENDRIX COLLEGE	25.000	8
UNIV OF ARKANSAS AT PINE BLUFF	22.857	35
UNIV OF ARKANSAS AT LITTLE ROCK	22.581	31
SOUTH CENTRAL CAREER COLLEGE	20.833	24
ARKANSAS STATE UNIV BEEBE BRANCH	20.000	5
CENTRAL BAPTIST COLLEGE	20.000	5
PHILLIPS COUNTY COMMUNITY COLLEGE	20.000	5
COLLEGE OF THE OZARKS	14.286	7
OUACHITA BAPTIST UNIVERSITY	13.333	60
SOUTHERN ARKANSAS UNIVERSITY	13.333	15
UNIVERSITY OF CENTRAL ARKANSAS	12.121	33
JOHN BROWN UNIVERSITY	9.091	88
HARDING COLLEGE MAIN CAMPUS	6.803	441
HENDERSON STATE COLLEGE	6.667	15
ARKANSAS STATE UNIV MAIN CAMPUS	6.522	138
UNIV OF ARKANSAS MAIN CAMPUS	6.438	233
UNIV OF ARKANSAS AT MONTICELLO	0.000	7
ARKANSAS BAPTIST COLLEGE	0.000	2
ARKANSAS COLLEGE	0.000	10
ARKANSAS TECHNICAL UNIV	0.000	13
CROWLEYS RIDGE COLLEGE	0.000	3
WESTARK COMMUNITY COLLEGE	0.000	3
DELTA VOC TECH SCHOOL	0.000	1
TWIN LAKES VOC TECH SCHOOL	0.000	3
SOUTHWEST VOC TECH INSTITUTE	0.000	1
NAT EDUC CTR-ARKANSAS CLG OF TECH C	0.000	3
GARLAND COUNTY COMMUNITY COLLEGE	0.000	2
EAST ARKANSAS COMMUNITY COLLEGE	0.000	1
NORTH ARKANSAS COMMUNITY COLLEGE	0.000	3
BLACK RIVER VOCA-TECH SCHOOL	0.000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SOUTHWESTERN INSTITUTE-HOME STUDY	100.000	1
PHOENIX UNION HIGH SCH-AREA VOC CTR	75.000	4
ARIZONA CAREER COLLEGE	68.675	83
LAVONNES CLASSIC BTY COL-EAST	66.667	3
LAVONNES CLASSIC BTY COL-CAMELBACK	66.667	9
UNITED ACADEMY OF BEAUTY	65.000	20
COLLEGE OF SANADO THE	64.286	14
EUROPEAN BEAUTY CULTURE COLLEGE	64.000	50
LAVONNES CLASSIC BTY COL-THOMAS	63.636	11
MOHAVE COUNTY COMMUNITY COLLEGE	62.500	16
ADELPHI BUSINESS COLLEGE	61.125	2009
ST JOHN'S ACADEMY	60.000	15
SUPERIOR TRAINING SERVICES	57.585	6915
ADVANCED BEAUTY COLLEGE - EAST	57.303	89
MOUNTAIN STATES TECHNICAL INSTITUTE	57.303	534
AMERICAN INDIAN BIBLE INSTITUTE	57.143	7
TUCSON COLLEGE OF BUSINESS	56.797	537
SOUTH MOUNTAIN COMMUNITY COLLEGE	56.122	490
ADVANCED BEAUTY COLLEGE - NORTH	56.061	66
PHOENIX TECHNICAL & TRADE SCHOOLS	52.800	125
MARICOPA TECHNICAL COMMUNITY COL	51.905	210
GLENDALE COMMUNITY COLLEGE	51.364	220
BAILIE SCHOOL OF BROADCAST	50.746	67
ALLURE CAREER COLLEGE OF BEAUTY	50.575	87
RIO SALADO COMMUNITY COLLEGE	50.299	167
STERLING SCHOOL	50.000	4
SOUTHWESTERN MEDICAL SOCIETY ACAD	49.689	161
ABC WELDING SCHOOL	48.387	217
EASTERN ARIZONA COLLEGE	47.500	80
ABC TECHNICAL & TRADE SCHOOLS	46.974	307
PLAZA THREE ACADEMY	46.914	243
CLINTON TECH INST MOTORCYCLE MECHAN	45.578	147
PHOENIX COLLEGE	45.364	604
INTERNATIONAL ACAD OF HAIR DESIGN	45.161	31
NORTH AMERICAN COLLEGE OF PHOENIX	45.000	200
PHOENIX ACADEMY OF BEAUTY	44.444	36
SCOTTSDALE COMMUNITY COLLEGE	44.167	120
LAMSON COLLEGES	43.697	476
NATL EDUCATION CENTER-BRYMAN CAMPUS	43.478	115
AESTHETICS UNLIMITED-SALON PREP SCH	42.857	35
AL COLLINS GRAPHIC DESIGN SCH, LTD	42.487	134
PIMA MEDICAL INSTITUTE	42.292	253
APOLLO COLLEGE OF MED/DENT CAREERS	42.166	517
COCHISE COLLEGE	41.667	144
LAVONNES CLASSIC BTY COL-NORTH	41.667	12
REFRIGERATION SCHOOL THE	40.977	266
PIMA COLLEGE	40.948	591
CHAPARRAL CAREER COLLEGE	40.590	271
ARIZONA ACADEMY OF BEAUTY NORTH	40.541	37
ACADEMY OF DRAFTING	40.000	15
PHOENIX ACADEMY OF BEAUTY-GLENDALE	40.000	30
DEVOE COLLEGE OF BEAUTY	40.000	30

ARIZONA (cont'd) -6-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
HEALTH CAREERS INSTITUTE	39.4737	152
LONG MEDICAL INSTITUTE	39.0411	146
ITT TECHNICAL INSTITUTE	38.9549	421
LAVONNES CLASSIC BTY COL-MESA	38.8889	18
LAMSON BUSINESS COLLEGE	37.9032	124
ARIZONA COL OF MED & DENTAL CAREERS	37.5000	80
CENTRAL ARIZONA COLLEGE	37.2549	51
LAVONNES CLASSIC BTY COL-GLOBE	36.3636	11
ARIZONA ACADEMY OF BEAUTY	35.7143	14
PHOENIX INSTITUTE OF TECHNOLOGY	35.6502	446
ALLURE CAREER COLLEGE OF BEAUTY	35.0877	57
AMERICAN TRICHOLOGY INSITUTE	35.0000	20
LAVONNES CLASSIC BTY COL-TEMPE	33.3333	36
LAVONNES CLASSIC BTY COL-CHANDLER	33.3333	9
ARIZONA ACADEMY OF BEAUTY SOUTH	33.3333	42
UNIVERSAL TECHNICAL INSTITUTE	31.7757	856
YAVAPAI COLLEGE	31.5789	76
MESA COMMUNITY COLLEGE	31.3869	411
ROYAL COLLEGE OF BEAUTY	31.0345	29
ARIZONA INSTITUTE OF BUS & TECH	31.0345	58
INST OF MEDICAL-DENTAL TECH OF MESA	28.9474	38
BIOSYSTEMS INSTITUTE	28.8248	451
EARL'S ACADEMY OF BEAUTY	28.5714	28
ARIZONA ACAD OF MED/DENT ASSISTANTS	28.5714	28
ARIZONA WESTERN COLLEGE	28.3582	67
WESTERN INTERNATIONAL UNIVERSITY	27.5862	58
GRAND CANYON COLLEGE	27.2727	220
ADVANCED BEAUTY COLLEGE	25.7143	35
DEVRY INSTITUTE OF TECHNOLOGY	25.4969	1059
ARIZONA AUTOMOTIVE INSTITUTE INC	25.4167	480
PRESCOTT COLLEGE	23.0769	39
SOUTHWESTERN CONSERV BAPTIST BIBLE	22.2222	9
LAVONNES CLASSIC BTY COL-SCOTTSDALE	22.2222	9
EMBRY RIDDLE AERONAUTICAL UNIV	22.2222	9
MARICOPA BEAUTY COLLEGE	21.7391	23
LAVONNES CLASSIC BTY COL-CASA GRAND	20.0000	5
ARIZONA INSTITUTE OF ELECTROLYSIS	20.0000	10
INTERNATIONAL ACAD OF HAIR DESIGN	16.6667	24
ROBERTO-VENN SCHOOL OF LUTHIERY	15.3846	13
ARIZONA STATE UNIVERSITY	14.4732	2515
UNIVERSITY OF ARIZONA	13.9210	1645
LAVONNES CLASSIC BTY COL-PARADISE V	12.5000	8
NORTHERN ARIZONA UNIVERSITY	12.0219	549
UNIVERSITY OF PHOENIX	9.2141	369
HIGH-TECH INSTITUTE	8.3333	24
AMERICAN GRAD SCH OF INTERNATL MGMT	4.2345	307
COLLEGE OF BEAUTY ARTS & SCIENCE	0.0000	5
NORTHLAND PIONEER COLLEGE	0.0000	1
ARIZONA COLLEGE OF THE BIBLE	0.0000	2
UNIVERSITY OF ARIZONA SCH OF MED	0.0000	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS I REPAYMENT STATUS
MARYMOUNT COLLEGE	100.000	1
JOHN O'CONNELL COMMUNITY COL CENTER	100.000	1
EAST BAY BEAUTY SCH INC	100.000	1
JESUIT SCHOOL OF THEOLOGY	100.000	1
PACIFIC BEAUTY COLLEGE #3	100.000	4
RICHARD'S BEAUTY COLLEGE	100.000	1
TOUCH OF BEAUTY COLLEGE	100.000	3
UNIV OF CAL DAVIS SCH OF MED	100.000	1
MOLER BARBER COLLEGE	83.333	6
EASTSIDE BEAUTY COLLEGE	83.333	6
PALO VERDE COLLEGE	82.353	17
SUPER SHAPES COLLEGE OF COSMETOLOGY	79.355	155
DALENAS COLLEGE OF BEAUTY #3	76.800	125
AMERICAN BEAUTY COLLEGE	75.000	4
CONTINENTAL BEAUTY ACADEMY	75.000	8
AUTO BODY INSTITUTE	71.795	39
DALENAS COLLEGE OF BEAUTY #2	71.154	52
RICHARD'S BEAUTY COLLEGE	69.231	13
OAKLAND COL OF DENT & MED ASSTS	68.478	92
KENNETH'S COLLEGE OF HAIRSTYLING	68.182	22
SIERRA COLLEGE OF BEAUTY	66.667	12
LYLE'S MADERA COLLEGE OF BEAUTY	66.667	6
SIERRA COLLEGE OF BUSINESS	66.391	1208
TECHNICAL HEALTH CAREERS SCHOOL	65.217	69
UNIVERSITY OF COSMETOLOGY	65.000	40
SUZANNES BEAUTY COLLEGE	64.912	57
DALENA'S COLLEGE OF BEAUTY	64.444	90
LAKEWOOD BEAUTY COLLEGE	64.346	14
MILPITAS BEAUTY COLLEGE	64.286	14
UNIVERSAL COLLEGE OF BEAUTY	64.179	134
MOLER BARBER COLLEGE	63.636	11
WILLOW GLEN BEAUTY COLLEGE	62.500	16
KENNETH'S COLLEGE OF HAIRSTYLING	62.069	29
ABC COLLEGES	61.404	57
FLAVIO TORRANCE BEAUTY COLLEGE	60.386	207
LONG BEACH COLLEGE OF BUSINESS	60.194	103
RICHARD'S BEAUTY COLLEGE	60.000	15
SAN GORGONIO BEAUTY COLLEGE	60.000	5
ELEGANTE BEAUTY COLLEGE	60.000	5
ELEGANTE SCHOOL OF HAIR DESIGN	59.091	22
SALVATORE'S COLLEGE OF HAIRSTYLING	59.091	22
MEDICAL SERVICES TRAINING CENTER	59.016	61
AMERICAN MOTORCYCLE SCH HOME STUDY	58.333	12
LOS MEDANOS COL CONTR COSTA CC	57.724	123
WILFRED ACA OF HAIR & BEAUTY CULT	57.143	42
CONTINENTAL BEAUTY ACADEMY	56.250	16
BARSTOW ACADEMY OF BEAUTY	56.250	16
WEBSTER CAREER COLLEGE	55.924	1055
SAN FRANCISCO CMTY COL-CMTY COL CTR	55.869	213
DELUUX SCHOOL OF COSMETOLOGY	55.556	18
UNITED COLLEGE OF BUSINESS	54.538	1146
LEIMERT PARK BEAUTY COLLEGE	53.459	159

CALIFORNIA (cont'd) -8-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
RICHARD'S BEAUTY COLLEGE	53.3333	30
SOUTH BAY COLLEGE	52.7426	1422
SACRAMENTO BEAUTY COLLEGE	52.3810	42
ADRIAN'S SCENIC BEAUTY COLLEGE	52.3810	21
COMPTON BEAUTY COLLEGE	52.0000	25
LYLES FRESNO COLLEGE OF BEAUTY	51.8248	137
MEDICAL TRAINING INSTITUTE	51.0526	190
DICKINSON-WARREN BUSINESS COLLEGE	50.9259	108
SAN DIEGO TECHNICAL INSTITUTE	50.4673	428
ACADEMY OF STENOGRAPHIC ARTS	50.3704	135
ST JOHNS HOSP SCH OF XRAY TECH	50.0000	2
CONTINENTAL BEAUTY ACADEMY INC	50.0000	8
INST OF MEDICAL STUDIES	50.0000	2
UNITED ARTIST BEAUTY COLLEGE	50.0000	18
BALBOA BEAUTY COLLEGE	50.0000	2
OCEANSIDE COLLEGE OF BEAUTY	50.0000	16
RICHARD'S BEAUTY COLLEGE	50.0000	26
UKIAH BEAUTY COLLEGE	50.0000	2
JON ET DEE #1	50.0000	4
ESTELLE HARMAN ACTOR'S WORKSHOP	50.0000	6
ACADEMY OF HAIR DESIGN	50.0000	14
CALIFORNIA INSTITUTE	50.0000	24
CARRILLO SCHOOL OF NURSING	49.7908	239
CALIF PARAMEDICAL & TECHNICAL COL	49.3151	365
INSTITUTE OF COSMETOLOGY AT OAKLAND	49.2537	134
COLUMBIA SCHOOL OF BROADCASTING	48.9552	670
POLYTECHNICAL INSTITUTE	48.0938	341
AIRCO TECHNICAL INSTITUTE	48.0537	745
COMPTON COMMUNITY COLLEGE	47.7876	113
COLLEEN O'HARA BEAUTY ACADEMY	47.6190	21
JON ET DEE	47.3684	19
AMS COLLEGE, HOME STUDY DIVISION	47.3118	93
PORTERVILLE COL KERN CC	47.0588	17
FAIRFIELD BEAUTY ACADEMY	47.0588	34
VAN NUYS COLLEGE OF BUSINESS	46.7290	107
LAUREL BEAUTY ACADEMY	46.6667	15
ITT TECHNICAL INSTITUTE	46.1988	171
PACIFIC BEAUTY COLLEGE #2	46.1538	13
M.T.D. BUSINESS COLLEGE	46.0870	345
VALLEY VOCATIONAL CENTER	45.9459	37
IMPERIAL VALLEY COLLEGE	45.8333	24
FEDERICO KERN CITY COL OF BEAUTY	45.8333	96
BAILIE SCHOOL OF BROADCAST	45.7627	59
PACIFIC COAST COLLEGE	45.6689	2078
WEST HILLS COLLEGE	45.4545	44
NORTH PARK BEAUTY COLLEGE	45.4545	33
AL TATE BEAUTY COLLEGE	45.4545	44
ROYAL HAIR INSTITUTE	45.4545	22
CONTINENTAL BEAUTY COLLEGE	45.4545	11
ELEGANTE SCHOOL OF HAIR DESIGN	45.0000	20
SOUTHLAND COL OF MED-DENT-LEGAL	44.8925	372
LOS ANGELES SOUTHWEST COL L A CC	44.4444	135

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NEWBERRY SCHOOL OF BEAUTY	44.4444	63
FEDERICO TULARE COUNTY COL BEAUTY	44.4444	45
COVINA BEAUTY COLLEGE	44.4444	9
CARMICHAEL BEAUTY COLLEGE	44.4444	18
RICHARD'S BEAUTY COLLEGE	44.4444	27
BAY CITY COLLEGE OF DENT & MED ASST	44.1860	43
JON ET DEE	44.1176	34
PARIS BEAUTY COLLEGE	44.1176	34
ACADEMY INTERNATIONAL	44.0678	59
LYLES HANFORD COLLEGE OF BEAUTY	43.5897	156
HEALD COLLEGE	43.3735	166
NATIONAL TECH SCH-RESID SCH DIV	43.3486	436
BARSTOW COLLEGE	43.3333	30
SANTA ROSA BEAUTY COLLEGE	43.3333	30
VALLEY COMMERCIAL COLLEGE	43.1818	88
NORTH WEST COL OF MED & DENT ASST	42.8875	471
LOUISE SALINGER ACAD FASH&DRESS DES	42.8571	14
SANTA BARBARA BEAUTY COLLEGE	42.8571	7
CALIFORNIA HAIR DESIGN ACADEMY	42.8571	49
COLLEGE OF ALAMEDA PERALTA CC	42.5532	188
LEPANTE BEAUTY COLLEGE	42.4242	66
NORTH WEST COL OF MED & DENT ASST	42.3077	130
NEWBERRY SCHOOL OF BEAUTY	41.8367	98
ELEGANCE INTERNATIONAL, INC	41.6667	60
HAIRMASTERS UNIVERSITY OF BEAUTY	41.6667	12
FRESNO CITY COL STATE CENTER CC	41.4097	454
SAN DIEGO COL OF MED & DENT ASSTS	41.2717	865
FEDERICOS NORTH FRESNO BEAUTY COL	41.0959	73
SAN DIEGO CITY COLLEGE	40.5530	434
MARYMOUNT PALOS VERDES COLLEGE	40.3509	57
ANTELOPE VALLEY COLLEGE	40.0000	55
FEDERICO COLLEGES OF HAIRSTYLING	40.0000	15
COLUMBIA COLLEGE	40.0000	25
GIRARDS COLLEGE OF BEAUTY	40.0000	5
OXNARD COLLEGE	40.0000	45
JOSEPH'S SCHOOL OF HAIR DESIGN	40.0000	5
TRAVEL AND TRADE CAREER INSTITUTE	39.7590	166
TRANSWESTERN INST OF WORD PROCESSNG	39.6875	320
RIVERSIDE COMMUNITY COLLEGE	39.6364	275
ARMSTRONG COLLEGE	39.5833	48
NEWBERRY SCHOOL OF BEAUTY	39.4737	38
POLLY PRIEST BUSINESS COLLEGE	39.4154	1129
CONTRA COSTA COLLEGE	38.9313	131
SKYLINE COLLEGE SAN MATEO CC	38.7097	31
UNIVERSAL BEAUTY ACADEMY	38.6667	75
WOODMAN PLAZA BEAUTY COLLEGE	38.5965	57
BAY VISTA COLLEGE OF BEAUTY	38.4615	13
SANTA MARIA BEAUTY COLLEGE	38.4615	13
WESTLAND COLLEGE	38.4021	776
ROSSTON SCHOOL OF MEN'S HAIR DESIGN	38.3333	60
PATRICIA STEVENS FASHION COLLEGE	38.2813	128
PACIFIC COAST COLLEGE	38.2353	136

CALIFORNIA (cont'd) -10-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SANTA CLARA BEAUTY COLLEGE	38.0952	21
LOS ANGELES BUSINESS COLLEGE	38.0000	200
CUYAMACA COLLEGE	37.8378	37
PALM SPRINGS BEAUTY COLLEGE	37.5000	8
VISTA COLLEGE	37.5000	8
INSTITUTE FOR BUSINESS & TECHNOLOGY	37.3874	222
CANADA COLLEGE SAN MATEO CC	36.9863	73
NATL EDUCATION CENTER-BRYMAN CAMPUS	36.8750	160
TAFT COLLEGE WEST KERN CC	36.8421	19
FEDERICO COLLEGES OF HAIRSTYLING	36.8421	19
WESTGATE BEAUTY COLLEGE	36.8421	19
DIABLO BEAUTY COLLEGE	36.8421	19
CAREER ACADEMY OF BEAUTY	36.7347	49
LU ROSS ACADEMY OF HAIR DESIGN	36.5385	52
MORO BEAUTY COLLEGE	36.3636	11
DANIEL FREEMAN HOSP PARAMEDIC SCH	36.3636	11
HEALD COLLEGE	36.3636	22
SAWYER COLLEGE AT POMONA	35.9756	328
GOLDEN STATE SCHOOL	35.9447	217
VICTOR VALLEY COLLEGE	35.7143	70
DON'S BEAUTY SCHOOL INC	35.7143	14
MODERN BEAUTY ACADEMY	35.7143	14
LIVERMORE BEAUTY COLLEGE	35.7143	14
GALEN COL OF MEDICAL & DENTAL ASSTS	35.6828	227
SANTA MONICA COLLEGE	35.6589	258
SIMI BEAUTY COLLEGE	35.4839	31
ASSOCIATED TECHNICAL COLLEGE	35.4604	1238
NATIONAL EDUCATION CENTER-SAWYER	35.0962	208
NATL EDUCATION CENTER-BRYMAN CENTER	35.0877	114
STUDIO SEVEN FASHION CAREER COLLEGE	34.8837	86
SACRAMENTO CITY COLLEGE LOS RIOS CC	34.4828	522
PACIFIC BEAUTY COLLEGE	34.3750	32
NATL EDUCATION CENTER-SKADRON BUS	33.7209	258
MODERN BEAUTY ACADEMY	33.3333	15
CERRO COSO COLLEGE KERN CC	33.3333	30
LYLES TULARE COLLEGE OF BEAUTY	33.3333	12
MR DOMINICK'S SCHOOL OF HAIR DESIGN	33.3333	3
GANAYE ACADEMY OF COSMETOLOGY	33.3333	15
VICTOR VALLEY BEAUTY COLLEGE	33.3333	33
ELEGANTE BEAUTY COLLEGE	33.3333	3
TRI-CITY BEAUTY COLLEGE	33.3333	9
ELDORADO COLLEGE	32.9897	194
OXNARD BEAUTY COLLEGE	32.8859	149
BAY VALLEY TECHNICAL INSTITUTE	32.7660	235
SAN JOAQUIN DELTA COLLEGE	32.5714	175
CASA LOMA COLLEGE	32.5581	43
ROSEMEAD BEAUTY SCHOOL	32.4324	37
YUBA COLLEGE	32.3308	133
SAN JOAQUIN VALLEY COL OF MED/DENT	32.3077	325
WESTERN TECHNICAL COLLEGE	32.2851	477
LANEY COLLEGE PERALTO CC	32.1429	112
SAN FRANCISCO COL OF MORTUARY SCI	32.1429	28

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MERCED COLLEGE	32.0896	268
CITY COLLEGE OF SAN FRANCISCO	31.9502	482
THOUSAND OAKS BEAUTY COLLEGE	31.8182	22
LOS ANGELES CITY COL L A CC	31.7757	214
CYNTHIA'S BEAUTY ACADEMY	31.6832	101
NATL EDUCATION CENTER-BRYMAN CAMPUS	31.6742	221
COSUMNES RIVER COL LOS RIOS CC	31.6176	136
JE BOUTIQUE COLLEGE OF BEAUTY	31.5789	19
SAN LUIS OBISPO BEAUTY COLLEGE	31.5789	19
SHASTA COLLEGE	31.4815	108
SAWYER SCHOOL OF BUSINESS	31.2821	195
VENTURA COLLEGE	31.2500	48
PATTERSON COLLEGE	31.2268	538
CAREERS WEST COLLEGE	31.1111	45
CUESTA COL SAN LUIS OBISPO CC	31.0924	119
CHAFFEY COLLEGE	31.0680	103
CONDIE COL OF BUS & COMPUTER TECH	31.0651	338
NATIONAL BUSINESS INSTITUTE	31.0345	87
NORTH ADRIANS COLLEGE OF BEAUTY	30.7692	13
SAN BERNARDINO VALLEY COLLEGE	30.7018	114
DELOUX SCHOOLS OF COSMETOLOGY	30.4545	220
SEQUOIA AUTOMOTIVE INSTITUTE	30.4239	401
NATL EDUCATION CENTER-BRYMAN CAMPUS	30.2564	195
AMBASSADOR BEAUTY COLLEGE	30.2326	43
KAY-MICHAEL'S SCHOOL OF HAIR DESIGN	30.0000	10
SADDLEBACK COLLEGE	29.9363	157
CONTROL DATA INSTITUTE	29.8701	77
SIERRA VALLEY BUSINESS COLLEGE	29.6296	54
KINGS RIVER COMMUNITY COLLEGE	29.5455	44
AMERICAN TECHNICAL INSTITUTE	29.4118	17
EL CAMINO COLLEGE	29.3839	211
NATL EDUCATION CENTER-BRYMAN CAMPUS	29.1667	168
NATL EDUCATION CENTER-BRYMAN CAMPUS	28.9256	121
CALIFORNIA BEAUTY COLLEGE	28.9157	83
BAKERSFIELD COLLEGE KERN CC	28.8462	52
LINCOLN UNIVERSITY	28.5714	7
SOUTHERN CALIF COL MED-DENT CAREERS	28.5714	161
ACADEMY PACIFIC	28.3898	236
NORTH COUNTY COLLEGE	28.3721	215
VALLEY COL-MEDICAL & DENTAL CAREERS	28.1991	422
MERRITT COLLEGE PERALTA CC	28.1481	135
MTI-WESTERN BUSINESS COLLEGE	28.0374	214
PASADENA CITY COLLEGE	28.0000	125
COLLEGE OF THE REDWOODS	27.8810	269
CALIFORNIA TRADE TECHNICAL SCHOOL	27.7778	18
DIABLO VALLEY COLLEGE	27.3381	139
NATL EDUCATION CENTER-BRYMAN CENTER	27.3171	205
LASSEN COLLEGE	27.2727	66
NATIONAL EDUCATION CENTER-SAWYER	27.2727	220
INTERNATIONAL SCHOOL OF COSMETOLOGY	27.2727	33
SANTA BARBARA CITY COLLEGE	26.9625	293
SOUTHWESTERN COLLEGE	26.7085	528

CALIFORNIA (cont'd) -12-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLLEGE OF MARIN	26.6667	120
GAVILAN COLLEGE	26.6667	15
COLLEGE OF THE SISKIYOUS	26.5306	49
HEALD'S KELSEY-JENNY COLLEGE	26.5217	230
MT SAN ANTONIO COLLEGE	26.4000	125
SANTA BARBARA BUSINESS COLLEGE	26.3529	425
AMER RIVER COL LOS RIOS CC	26.2570	358
CHABOT COLLEGE SOUTH COUNTY CC	26.2548	259
SAWYER COLLEGE AT VENTURA	26.0870	276
SKILLS & BUSINESS EDUCATION CTR	26.0870	23
LOS ANGELES TRADE-TECH COL L A CC	26.0664	211
SOLANO COMMUNITY COLLEGE	26.0163	123
RANCHO SANTIAGO COLLEGE	25.9740	308
HEALD COLLEGE	25.9542	131
FULLERTON COL NORTH ORANGE CO CC	25.7206	451
MISSION COLLEGE	25.6410	78
WEST LOS ANGELES COL L A CC	25.5814	86
NEW COLLEGE OF CALIFORNIA	25.5639	133
AMERICAN COLLEGE OF OPTICS	25.4237	59
MT SAN JACINTO COLLEGE	25.3731	67
WATTERSON COLLEGE BUSINESS	25.3197	391
MIRACOSTA COL OCEANSIDE CARLSBAD CC	25.3012	83
GROSSMONT COLLEGE	25.2577	194
WATTERSON COLLEGE	25.1880	266
PATTEN BIBLE COLLEGE	25.0000	8
WAYNES COLLEGE OF BEAUTY	25.0000	8
KRISTOFER'S SCHOOL OF BEAUTY	25.0000	16
UNITED HEALTH CAREERS INSTITUTE	24.9337	377
UNIVERSITY OF WEST LOS ANGELES	24.6575	146
BUTTE COLLEGE	24.4898	294
HEALD COLLEGE	24.4186	258
RIO HONDO COLLEGE	24.1379	87
WEST COAST CHRISTIAN COLLEGE	24.1379	29
PACIFIC COAST COLLEGE	24.0000	50
NORTH VALLEY OCCUPATIONAL CENTER	23.5294	17
SAN DIEGO MESA COLLEGE	23.1707	246
FEDERICO COLLEGES OF HAIRSTYLING	23.0769	13
COASTLINE COMMUNITY COLLEGE	23.0769	39
BROOKS COL SPEC IN FASH & DESIGN	22.6950	141
COLLEGE OF SAN MATEO SAN MATEO CC	22.6804	97
ALLAN HANCOCK COLLEGE	22.5000	40
HEALD INSTITUTE OF TECHNOLOGY	22.2615	283
CHURCH DIV SCH OF THE PACIFIC	22.2222	9
PACIFIC SCHOOL OF RELIGION	22.2222	18
INDIAN VALLEY COLLEGES	22.2222	18
IRVINE COLLEGE OF BUSINESS	22.2222	36
BARCLAY COLLEGE	22.2222	54
HEALD COLLEGE	22.0588	340
MARIC COLLEGE OF MEDICAL CAREERS	22.0588	204
CRISS COLLEGE	21.9373	351
BRYAN COLLEGE OF COURT REPORTING	21.7391	46
SAN JOSE BEAUTY COLLEGE	21.6216	37

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NATIONAL EDUCATION CENTER-SAWYER	21.6216	148
AMERICAN CONSERVATORY THEATRE	21.1538	52
SIMI VALLEY ADULT SCHOOL	21.0526	19
WORLD COLLEGE WEST	20.8333	24
PRACTICAL SCHOOLS	20.8333	72
LOS ANGELES HARBOR COL L A CC	20.7207	111
CALIF STATE U DOMINGUEZ HILLS	20.6235	417
CALIF STATE U LOS ANGELES	20.5988	835
HEALD COLLEGE	20.5882	136
PALOMAR COLLEGE	20.4819	166
CALIFORNIA BAPTIST COLLEGE	20.3252	123
LONG BEACH COMMUNITY COLLEGE	20.0820	488
AMER BAPT SEM OF THE WEST-BERKELEY	20.0000	5
FEATHER RIVER COL PERALTO CC	20.0000	15
OAKLAND BEAUTY SCHOOL	20.0000	5
NATL EDUCATION CENTER-BRYMAN CENTER	20.0000	405
LAWTON SCH FOR MED-DENT ASSISTANTS	20.0000	50
PRUETT COL OF CAREER ED-RESP THERPY	20.0000	10
COLLEGE FOR RECORDING ARTS	20.0000	20
SAN JOSE COMMUNITY COLLEGE	19.6970	132
GOLDEN WEST COLLEGE COAST CC	19.4969	318
DOMINICAN COLLEGE OF SAN RAFAEL	19.4805	77
PACIFIC OAKS COLLEGE	19.3548	31
DE ANZA COLLEGE FOOTHILL JC	19.2073	328
MARINELLO SCHOOL OF BEAUTY	19.1489	47
GROVE SCHOOL OF MUSIC	19.0476	105
CITRUS COLLEGE	18.9655	58
PACIFIC CHRISTIAN COLLEGE	18.8679	53
MONTEREY PENINSULA COLLEGE	18.7500	32
WESTERN ST UN COL LAW OF ORANGE CTY	18.7500	272
FASHION INST OF DESIGN & MERCHNDSNG	18.7500	1072
HARTNELL COLLEGE	18.5185	27
SAMUEL MERRITT HOSP SCH OF NURSING	18.5185	27
MERIT COLLEGE OF COURT REPORTING	18.4466	206
WOODBURY UNIVERSITY	18.2796	93
MUSICIANS INSTITUTE	18.2609	230
U OF CAL GENERAL EXTENSION	18.1818	11
FREDERICO COLLEGES OF HAIRSTYLING	18.1818	22
CRAFTON HILLS COL SN BERNARDINO CC	18.1818	33
AMERICAN TECH COL FOR CAREER TRNG	18.1818	22
WEST VALLEY OCCUPATIONAL CENTER	18.1818	33
AMER FILM INST/CTR ADV FILM STUDIES	18.1818	11
ORANGE COAST COLLEGE COAST CC	18.1250	480
CALIF COL FOR RESP THER CORRESP DIV	18.0328	61
SAN DIEGO MIRAMAR COLLEGE	17.8571	28
CYPRESS COLLEGE NORTH ORANGE CO CC	17.8378	185
NORTHROP UNIVERSITY	17.6471	136
ORANGE COUNTY BUSINESS COLLEGE	17.6471	51
VET ADMIN MED CTR SCH OF RAD-TECH	17.6471	17
CERRITOS COLLEGE	17.5824	91
MODESTO JR COL YOSEMITE JC	17.5182	137
PACIFIC COLLEGE OF MED & DENT ASSTS	17.3684	190

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COGSWELL COLLEGE	17.3077	52
OHLONE COLLEGE FREMONT-NEWARK JC	17.3077	52
AMERICAN ACAD OF DRAMATIC ARTS WEST	17.3077	52
MENLO COLLEGE	17.2414	29
OTIS ART INST/PARSONS SCH OF DESIGN	17.2043	93
UNIVERSITY OF LA VERNE	17.1504	379
HEALD COLLEGE	17.0940	234
U S INTERNATIONAL UNIV ELLIOTT CAMP	16.9811	265
WEST VALLEY COLLEGE	16.8421	95
SAN DIEGO STATE UNIV IMPERIAL VLY	16.6667	6
COLLEGE OF THE DESERT COACHELLA VLY	16.6667	24
CALIFORNIA HOSP SCH OF NURSING	16.6667	12
MOORPARK COLLEGE VENTURA CC	16.6667	96
DENTAL TECHNOLOGY INSTITUTE	16.6667	18
CALIF COL FOR RESP THERAPY	16.6667	24
BAILIE SCHOOL OF BROADCAST	16.6667	18
MOLER BARBER COLLEGE	16.6667	6
MARLIN BEAUTY COLLEGE	16.6667	6
GOLF ACADEMY OF SAN DIEGO	16.6667	18
CLAYTON CAREER COLLEGE	16.5563	151
CALIFORNIA SCH OF COURT REPORTING	16.2162	37
WESTERN CAREER COLLEGE	16.0920	174
LOS ANGELES PIERCE COL L A CC	16.0494	162
CHARLES R DREW POST GRAD MED SCHOOL	16.0000	25
EVERGREEN VALLEY COLLEGE	15.8730	63
SAN FRANCISCO STATE UNIV	15.8040	1816
HUMPHREYS COLLEGE	15.7895	38
NAPA VALLEY COLLEGE	15.7143	70
CALIFORNIA CULINARY ACADEMY	15.7143	70
WEST COAST UNIV MAIN CAMPUS	15.6863	102
SANTA ROSA JR COL SONOMA JC	15.6716	268
CALIF STATE COL BAKERSFIELD	15.5440	193
SIMPSON COLLEGE	15.4930	71
ACADEMY OF ART COLLEGE	15.4286	175
CALIFORNIA BEAUTY COLLEGE	15.3846	13
CALIFORNIA INSTITUTE OF THE ARTS	15.3409	176
PACIFIC COLLEGE	15.2941	85
COLUMBIA COLLEGE	15.2542	59
WESTERN STATE UNIV COL OF LAW	15.2047	171
INTERNATIONAL COLLEGE	15.1163	172
GLENDALE COLLEGE	15.0794	126
LOS ANGELES VALLEY COLLEGE L A CC	15.0000	100
VALLEY COL OF MEDICAL & DENTAL CAR	15.0000	20
COMPUTER LEARNING CENTER	14.8883	806
WHITTIER COLLEGE	14.5228	241
CABRILLO COLLEGE	14.2857	147
GROSSMONT HEALTH OCCUPATIONS CENTER	14.2857	7
WRIGHT INSTITUTE	14.2857	21
SANTA CRUZ BEAUTY COLLEGE	14.2857	7
PACIFIC TRAVEL SCHOOL	14.2132	197
HEALD COLLEGE	14.1414	198
CALIF STATE U NORTHRIDGE	13.8865	1181

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CALIF STATE COL SAN BERNARDINO	13.8365	318
PITZER COL OF CLAREMONT COL SYS	13.8298	94
GOLDEN GATE UNIVERSITY	13.7291	539
BJORN'S HAIRSTYLING ACADEMY	13.6364	22
COLLEGE OF OCEANEERING	13.5135	74
FOOTHILL COLLEGE	13.4615	104
HEALD COLLEGE	13.3971	209
SIERRA COLLEGE	13.3333	30
MED-HELP TRAINING SCHOOL	13.0435	23
CALIF STATE U SACRAMENTO	12.9316	1477
VOCATIONAL NURSING SCHOOL OF CALIF	12.9032	31
HEALD COLLEGE	12.8834	163
SAN DIEGO STATE UNIV	12.7624	3001
U OF CAL SANTA CRUZ	12.7273	770
SOUTHWESTERN UNIV SCH OF LAW	12.6685	371
UNIVERSITY OF JUDAISM	12.5000	8
CHULA VISTA BEAUTY COLLEGE	12.5000	16
FASHION CAREERS OF CALIFORNIA	12.5000	24
SAN FRANCISCO ART INSTITUTE COLLEGE	12.3894	113
CALIF STATE U HAYWARD	12.3796	727
POINT LOMA COLLEGE	12.3746	299
CALIF STATE COL SONOMA	12.2449	490
CALIF STATE U FULLERTON	12.2381	907
COLLEGE OF THE SEQUOIAS	12.1951	41
EMPIRE COLLEGE	12.1739	115
CALIF STATE U FRESNO	11.8644	1239
CALIF STATE U LONG BEACH	11.7955	1721
LOMA LINDA UNIV LA SIERRA CAMPUS	11.6379	232
BROOKS INSTITUTE OF PHOTOGRAPHY	11.6071	112
CALIF STATE COL STANISLAUS	11.5646	294
NATIONAL UNIVERSITY	11.5441	1360
CHAPMAN COLLEGE	11.4846	357
CONTROL DATA INSTITUTE	11.4754	122
COLLEGE OF THE CANYONS SNTA CLRT CC	11.1111	18
EAST LOS ANGELES COLLEGE	11.1111	9
NEWBERRY SCHOOL OF BEAUTY	10.8108	37
PACIFIC UNION COLLEGE	10.7843	204
SAN FRANCISCO CONSERVATORY OF MUSIC	10.7143	28
CALIFORNIA LUTHERAN COLLEGE	10.6838	234
MONTEREY INST OF INTERNATIONAL STDY	10.6667	75
SAN JOSE STATE UNIV	10.5747	1305
CONTROL DATA INSTITUTE	10.5556	180
SCHOOL OF THEOLOGY AT CLAREMONT	10.5263	19
SOUTHWEST COLLEGE	10.5263	19
CALIFORNIA WESTERN SCHOOL OF LAW	10.4938	162
JOHN F KENNEDY UNIVERSITY	10.3734	241
PACIFIC COAST COLLEGE	10.3448	29
HUMBOLDT STATE UNIV	10.1064	752
SAN JOSE BIBLE COLLEGE	10.0000	20
ST LUKES HOSP SCH OF NURSING	10.0000	20
LAURELWOOD COLLEGE	10.0000	20
MENDOCINO COLLEGE	10.0000	10

CALIFORNIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BETHANY BIBLE COLLEGE	9.87654	81
ART CENTER COLLEGE OF DESIGN	9.86547	223
U OF CAL SAN DIEGO	9.82428	1252
MT ST MARYS COL	9.80392	153
SOUTHERN CALIF INST OF ARCHITECTURE	9.67742	62
AZUSA PACIFIC UNIVERSITY	9.62963	270
MILLS COLLEGE	9.62963	135
CLAREMONT GRADUATE SCHOOL	9.60000	125
CALIF SCH OF PROF PSYCH FRESNO	9.52381	21
THE MASTER'S COLLEGE	9.43396	53
U OF SAN DIEGO	9.36455	598
U OF CAL LOS ANGELES	9.27894	3481
CALIFORNIA COLLEGE OF ARTS & CRAFTS	9.27835	97
DRAMA STUDIO LONDON	9.09091	11
UNIVERSITY OF SAN FRANCISCO	9.05660	795
CALIF STATE U CHICO	8.94737	1330
CALIF STATE POLY U SAN LUIS OBISPO	8.71976	1984
UNIV OF SOUTHERN CALIF	8.58954	3155
PACIFIC LUTHERAN THEOLOGICAL SEM	8.33333	24
ST MARYS COLLEGE OF CALIFORNIA	8.25397	315
PEPPERDINE UNIV SCH OF LAW	8.19672	122
CALIF STATE POLY U POMONA	8.17356	991
CALIF SCH OF PROF PSYCH LOS ANGELES	8.10811	37
LOS ANGELES COLLEGE OF CHIROPRACTIC	8.02920	137
COLLEGE OF NOTRE DAME	8.00000	75
HOLY NAMES COLLEGE	8.00000	50
CHRIST COLLEGE IRVINE	8.00000	25
U OF SAN DIEGO SCH OF LAW	7.98122	213
U OF CAL SANTA BARBARA	7.97963	1767
U OF CAL IRVINE	7.91075	986
OCCIDENTAL COLLEGE	7.89474	228
SOUTHERN CA COL	7.89474	152
BIOLA UNIVERSITY	7.80142	282
U OF CAL BERKELEY	7.66802	2217
LOYOLA MARYMOUNT UNIVERSITY	7.62250	551
PEPPERDINE UNIV	7.57576	396
ST JOHNS SEMINARY	7.40741	27
UNIVERSITY OF REDLANDS	7.35695	367
COLEMAN COLLEGE	7.20721	444
CHRISTIAN HERITAGE COLLEGE	7.14286	56
LYTLE'S REDWOOD EMPIRE BEAUTY COL	7.14286	28
GEMOLOGICAL INST OF AMERICA-RES PRG	7.14286	42
U OF CAL RIVERSIDE	6.92521	361
CALIFORNIA INST OF INTEGRAL STUDIES	6.89655	29
GRADUATE THEOLOGICAL UNION	6.66667	15
FULLER THEOLOGICAL SEMINARY	6.63265	196
UNIVERSITY OF SANTA CLARA	6.37329	659
LOS ANGELES CO USC MED CTR SC NURS	6.25000	96
CLAREMONT MENS COLLEGE	6.10687	131
U OF CAL HASTINGS COL OF LAW	6.05187	347
CALIF COL OF PODIATRIC MEDICINE	5.88235	51
UNIV OF THE PACIFIC MCGEORGE LAW	5.64972	354

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LOYOLA LAW SCHOOL	5.62500	320
U OF CAL DAVIS	5.52647	1719
LOMA LINDA UNIV LOMA LINDA CAMPUS	5.39216	408
UNIV OF THE PACIFIC	5.14851	505
SCRIPPS COL OF CLAREMONT COL SYS	4.87805	82
CALIFORNIA INSTITUTE OF TECHNOLOGY	4.80769	104
WESTMONT COLLEGE	4.67836	171
LIFE CHIROPRACTIC COLLEGE - WEST	4.61538	65
UNIV OF SAN FERNANDO VALLEY COL LAW	4.54545	44
UNIV OF THE PACIFIC SCH OF DENT	4.34783	69
STANFORD UNIV SCHOOL OF LAW	4.16667	72
CLEVELAND CHIROPRACTIC COLLEGE	4.12371	97
CALIF SCH OF PROF PSYCH SAN DIEGO	4.08163	49
COLL OF OSTEOPATHIC MED OF THE PACI	4.08163	49
UNIV OF SOUTHERN CALIF SCH OF MED	3.70370	27
PASADENA COLLEGE OF CHIROPRACTIC	3.57143	28
SOUTHERN CAL COL OF OPTOMETRY	3.44828	87
CALIFORNIA MARITIME ACADEMY	3.37079	89
STANFORD UNIV	3.35449	1103
PALMER COLLEGE OF CHIROPRACTIC-WEST	3.30579	121
CALIFORNIA FAMILY STUDY CENTER	3.12500	32
POMONA COL OF CLAREMONT COL SYS	2.65957	188
STANFORD UNIV SCHOOL OF MEDICINE	2.56410	39
U OF CAL SAN FRANCISCO MED CTR	2.52525	396
FIELDING INSTITUTE	2.08333	48
STANFORD UNIV GRAD SCH OF BUSINESS	1.88679	106
U OF CAL COL OF MEDICINE	0.00000	6
COLLEGE FOR DEVELOPMETAL STUDIES	0.00000	2
HARVEY MUDD COL OF CLAREMONT COL SY	0.00000	62
HOLY NAMES COLLEGE LOS GATOS	0.00000	2
IMMACULATE HEART COLLEGE	0.00000	2
E LA SKILLS CTR LA UNIFIED SCH DIST	0.00000	22
MT ST MARYS COL DOHENY CAMPUS	0.00000	1
PEPPERDINE UNIV-LOS ANGELES CAMPUS	0.00000	2
SAN FRANCISCO THEOLOGICAL SEMINARY	0.00000	17
DOMINICAN SCH OF PHILOSOPHY & THEO	0.00000	1
ST JOSEPH'S COLLEGE	0.00000	5
U S NAVAL POSTGRADUATE SCHOOL	0.00000	1
U OF SAN DIEGO COL FOR WOMEN	0.00000	1
WEST COAST UNIV ORANGE COUNTY CTR	0.00000	3
HEBREW UNION COL-JEWISH INST OF REL	0.00000	20
STARR KING SCH FOR MINISTRY	0.00000	11
ST FRANCIS HOSP SCH OF XRAY TECH	0.00000	2
MERCY COLLEGE OF NURSING	0.00000	1
U S INTERNATIONAL UNIV CAL WESTERN	0.00000	1
VENTURA CO CMTY COL DIST	0.00000	1
BUTTE COLLEGE	0.00000	2
DANIEL FREEMAN MEM HOSP SCH RAD-TEC	0.00000	6
CHILDRENS HOSP OF L A SCH PHYS THER	0.00000	12
SUTTER MEM.HOSP.SCRMNTO SCH MED-TEC	0.00000	1
MARINELLO SCHOOL OF BEAUTY	0.00000	1
UNIV OF THE PACIFIC MCGEORGE LAW	0.00000	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LAURENCE MERRICK THEATRE ACA OF ART	0	1
SOUTHLAND HELICOPTERS	0	6
SAN DIEGO CITY COL CENTRAL OFFICE	0	1
SIERRA ACADEMY OF AERONAUTICS	0	1
SAN BERNARDINO CTY MED CTR MED TECH	0	1
CALIF SCH OF PROF PSYCH MAIN CAMPUS	0	31
MENNONITE BRETHREN BIBLICAL SEM	0	8
RAND GRAD INST FOR POLICY STUDIES	0	7
EAST LOS ANGELES OCCUPATIONAL CTR	0	3
CHILDRENS HOSP SCH OF MED-TECH	0	1
LOS ANGELES CTY HARBOR/UCLA MED CTR	0	2
BAUDER COLLEGE SPEC IN CAREER EDUC	0	5
FRANCISCAN SCHOOL OF THEOLOGY	0	2
VET ADMIN WADSWORTH MED CTR MEDICAL	0	4
UNIV OF SOUTHERN CALIF SCH OF CYTO	0	5
LYLES MANCHESTER COLLEGE OF BEAUTY	0	1
CANCER FOUNDATION SCH OF TECHNOLOGY	0	4
LAKE TAHOE CMTY COLLEGE	0	1
JON ET DEE	0	5
PROFESSIONAL INSTITUTE OF BEAUTY	0	2
DELOUX SCHOOLS OF COSMETOLOGY	0	1
GRACE BEAUTY SCHOOL	0	2
FASHION INST OF DESIGN & MERCHNDSNG	0	1
M J MURPHY BEAUTY COL MT PLEASANT	0	4
LOMPOC BEAUTY COLLEGE	0	2
MOUNTAIN VIEW BEAUTY COLLEGE	0	2
SALINAS BEAUTY COLLEGE	0	2
MELODYLAND SCHOOL OF THEOLOGY	0	1
CEDARS-SINAI M/C SCHOOL OF MED-TECH	0	3
V A MED CTR SCH OF MEDICAL TECH	0	3
HUNTINGTON MEM HOSP SCH OF MED TECH	0	4
SAYBROOK INSTITUTE	0	17
PACIFIC GRADUATE SCH OF PSYCHOLOGY	0	10
CALIFORNIA PACIFIC COLLEGE	0	1
MOLER BARBER COLLEGE	0	1
VET ADMIN MED CTR SCH OF MED TECH	0	4
OAKLAND COLLEGE OF COURT REPORTING	0	10
V A WADSWORTH MED CTR SCH RAD THERP	0	4
FREDRICK & CHARLES BEAUTY COLLEGE	0	3
LAKE FOREST BEAUTY COLLEGE	0	2
SAN DIEGO CMTY COL - CONT ED CTRS	0	2
CONSORTIUM / CALIF STATE UNIV & COL	0	6
BROADWAY BEAUTY COLLEGE	0	2
PARAMOUNT SCHOOL OF BEAUTY	0	1
U OF CA MED CTR SAN DIEGO EMER MED	0	3
LOMA LINDA UNIV SCHOOL OF MEDICINE	0	1
UNIV OF CAL-IRVINE-COL OF MEDICINE	0	4
UNIV OF CAL-LOS ANGELES-SCH OF MED	0	7
UNIV OF CAL SAN DIEGO SCH OF MED	0	2
UNIV OF CAL-SAN FRAN-SCHOOL OF MED	0	7
LOMA LINDA UNIV SCHOOL OF DENT	0	1
UNIV OF THE PACIFIC SCH OF DENT	0	18

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
U OF CAL-SAN FRAN-SCH OF PHARMACY	0	1
UNIV OF SOUTHERN CALIF SCH OF PHARM	0	1
CALIF COL OF PODIATRIC MEDICINE	0	4
UNIV OF CAL-SCH OF PUBLIC HEALTH	0	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLORADO WOMENS COLLEGE	66.6667	3
MR ROBERTS BEAUTY ACADEMY	66.6667	6
SHARON DORAN'S ACAD/SCIENCE HAIRDES	60.6061	33
LAVONNES LANE BEAUTY ACADEMY	54.1667	24
LAVONNES ACADEMY OF BEAUTY	50.0000	22
ENGLEWOOD BEAUTY COLLEGE	50.0000	2
VALLEY VISTA BEAUTY SCHOOL	50.0000	6
LAVONNES MILE-HI BEAUTY SCHOOL	47.2222	36
LAVONNES ACADEMY OF BEAUTY	45.4545	22
INTERNATIONAL BEAUTY ACADEMY	45.2381	42
LAVONNES ACADEMY OF BEAUTY	43.3333	30
AMERICANA BEAUTY COLLEGE #II	40.6250	32
TRINIDAD STATE JUNIOR COLLEGE	37.5000	24
COLORADO COL OF MED & DENT CAREERS	35.9322	295
DENVER TECHNICAL SCHOOL	35.8491	159
AAA MIDWEST BEAUTY COLLEGE	35.2941	51
TECHNICAL TRADES INSTITUTE	34.5238	84
OTERO JUNIOR COLLEGE	34.0000	50
PENROSE HOSP SCH OF MED-TECH	33.3333	3
DELTA-MONTROSE AREA VOC TECH CENTER	33.3333	6
BERNEL COLL OF COS. & APPLIED SCS	32.0000	25
COLORADO BARBER COLLEGE	31.2500	16
BARNES BUSINESS COLLEGE	30.9756	410
CERTIFIED WELDING SCHOOL	30.4878	82
ROCKY MOUNTAIN SCHOOL OF ART	30.1887	53
DENVER AURARIA COMMUNITY COLLEGE	29.8137	161
BAILIE SCHOOL OF BROADCAST	29.7297	37
PUEBLO COLLEGE OF BUSINESS & TECH	29.7101	138
RED ROCKS COMMUNITY COLLEGE	29.0909	55
COLORADO BEAUTY COLLEGE I	28.5714	7
ADELPHI BUSINESS COLLEGE	27.8571	140
SHARON DORAN'S ACAD SCI & HAIR DSGN	27.7778	18
BOULDER VALLEY VOC TECH CENTER	26.8293	41
PIKES PEAK COMMUNITY COLLEGE	26.7857	224
COLORADO BEAUTY COLLEGE II	26.6667	15
PARKS COLLEGE INCORP.	25.5208	384
ARAPAHOE COMMUNITY COLLEGE	25.0000	100
BEL-REA INST OF ANIMAL TECHNOLOGY	25.0000	40
LAVONNES ACADEMY OF BEAUTY	25.0000	8
INTERNAT TRG LTD HAIRCUTTING & STYL	25.0000	20
BLAIR JUNIOR COLLEGE	24.6006	313
NAROPA INSTITUTE	24.4898	49
PUEBLO COMMUNITY COLLEGE	24.0506	79
MORGAN COMMUNITY COLLEGE	23.8095	21
COLORADO NORTHWESTERN CMTY COLLEGE	23.5294	34
ELECTRONIC TECHNICAL INSTITUTE INC	23.5294	51
ROCKY MOUNTAIN BEAUTY COLL DENVER	23.5294	17
WHEATRIDGE BEAUTY COLLEGE	22.2222	36
MICHAEL TAYLOR INST OF HAIR DESIGN	21.7391	23
SAN LUIS VALLEY AREA VOC SCHOOL	21.0526	19
COLORADO MOUNTAIN COL WEST CAMPUS	20.8791	91
AMERICAN DIESEL & AUTOMOTIVE SCHOOL	20.0000	55

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DENVER ACADEMY OF COURT REPORTING	20.0000	20
NAZARENE BIBLE COLLEGE	18.1818	33
ACADEMY OF BEAUTY CULTURE	18.1818	22
DENVER AUTOMOTIVE & DIESEL COLLEGE	17.9402	301
PRESBYTERIAN MED CTR SCH OF NURSING	17.6471	17
LARIMER COUNTY VOC-TECH CENTER	17.6471	68
COLORADO AERO-TECH SCHOOL	16.7742	465
COLORADO SCHOOL OF TRADES	16.6667	36
T.H. PICKENS TEC CTR AURORA PUB SCH	16.6667	30
INTERIOR DESIGN INTERNSHIP	16.6667	12
COLORADO INSTITUTE OF ART	15.6250	384
LAVONNES ACADEMY OF BEAUTY	15.3846	13
MILE HI COLLEGE	15.1899	79
DENVER INSTITUTE OF TECHNOLOGY	14.9837	307
UNIVERSITY OF SOUTHERN COLORADO	14.3275	342
NORTHEASTERN JUNIOR COLLEGE	14.2857	49
BETH-EL COLLEGE OF NURSING	14.2857	7
LAVONNES ACADEMY OF BEAUTY	14.2857	7
HIGHLAND HILLS BEAUTY ACADEMY	13.8889	36
LAMAR COMMUNITY COLLEGE	13.3333	15
COLORADO BEAUTY COLLEGE III	13.0435	23
MESA COLLEGE	13.0208	192
AMERICAN BEAUTY COLLEGE	12.9630	54
SAN JUAN BASIN AREA VOC TECH SCHOOL	12.5000	8
LORETTO HEIGHTS COLLEGE	11.9565	92
AIMS COLLEGE	11.2903	124
METROPOLITAN STATE COLLEGE	10.7692	520
FRONT RANGE COMMUNITY COLLEGE	10.2941	68
COLORADO CHRISTIAN COLLEGE	9.5238	21
UNIV OF COLORADO AT DENVER	9.0090	444
ADAMS STATE COLLEGE	8.6957	115
AMERICANA BEAUTY COLLEGE, I	7.6923	13
REGIS COLLEGE	7.5949	158
COLUMBINE BEAUTY SCHOOL	7.1429	14
UNIV OF NORTHERN COLORADO	7.0991	817
FORT LEWIS COLLEGE	7.0866	254
COLORADO TECHNICAL COLLEGE	6.0000	50
UNIV OF DENVER	5.8531	803
UNIV OF COLORADO MAIN CAMPUS	5.3653	1752
ACADEMY OF FLORAL DESIGN	5.2632	19
PIKES PEAK INSTITUTE OF MED-TECH	5.0000	20
UNIV OF COLORADO COLORADO SPRINGS	4.7244	254
COLORADO STATE UNIVERSITY	4.0359	1338
WESTERN STATE COLLEGE OF COLORADO	3.8835	206
ILIFF SCHOOL OF THEOLOGY	3.3333	30
COLORADO COLLEGE	2.6596	188
DENVER PARALEGAL INSTITUTE	2.1739	92
UNIV OF COLORADO MEDICAL CENTER	1.6667	180
COLORADO STATE UNIV COL OF VET MED	1.2987	77
COLORADO SCHOOL OF MINES	1.1538	260
CONSERVATIVE BAPTIST THEO SEMINARY	0.0000	26

COLORADO (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ST THOMAS SEMINARY	0	5
UNITED STATES AIR FORCE ACADEMY	0	1
PRESBYTERIAN MED CTR SCH RAD-TECH	0	1
UNIV OF DENVER-COLO SEM	0	1
WESTERN BIBLE COLLEGE	0	10
COLORADO MOUNTAIN COL EAST CAMPUS	0	2
MEMORIAL HOSP SCH OF RAD-TECH	0	2
ST LUKE'S HOSP SCH OF MED-TECH	0	2
MEMORIAL HOSP SCH OF MED TECH	0	1
INTERMOUNTAIN BIBLE COLLEGE	0	1
LAVONNES ACADEMY OF BEAUTY	0	1
LUTHERAN MED CTR RAD TECH ACADEMY	0	1
GLENWOOD BEAUTY ACADEMY	0	6
UNIV OF COLORADO MED CTR SCH OF MED	0	6
UNIV OF COLORADO MED CTR SCH OF DEN	0	1
UNIV OF COLORADO SCH OF PHARMACY	0	1

COLORADO (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ELM CITY BEAUTY ACADEMY	75.0000	8
COUNTY SCHOOLS-HOME STUDY	50.4975	1206
AMORE INSTITUTE OF HAIR DESIGN INC	46.8750	32
WILFRED ACAD OF HAIR & BEAUTY CULT	43.4109	129
HOUSATONIC COMMUNITY COLLEGE	40.5405	37
WILFRED ACAD OF HAIR & BEAUTY CULT	38.0208	192
LEON INST OF HAIR DESIGN	36.3636	11
NORWALK COMMUNITY COLLEGE	33.3333	69
ALBERT I PRINCE REG VOC TECH SCH	33.3333	6
HARTFORD MODERN SCHOOL OF WELDING	32.1429	28
NATL ACADEMY OF HAIRDRESSING	31.5789	19
CONNECTICUT INST OF HAIR DESIGN	28.0702	57
CONNECTICUT DATA PROCESSING INSTIT	27.2727	22
PARK INSTITUTE OF HAIR DESIGN	25.0000	8
SAMPIERI SCHOOL OF HAIR DESIGN	25.0000	8
CONNECTICUT ACADEMY	25.0000	4
NEW ENGLAND TRACTOR TRAILER TRNG	25.0000	188
SOUTH CENTRAL COMMUNITY COLLEGE	24.5283	53
BUTLER BUSINESS SCHOOL	24.3243	37
GREATER HARTFORD COMMUNITY COLLEGE	24.1758	91
CROWN ACADEMY OF HAIRDRESSING	24.0000	25
NATIONAL ACADEMY OF HAIRDRESSING	23.8095	21
MIDDLESEX COMMUNITY COLLEGE	23.4043	47
GAL-MAR ACADEMY OF HAIRDRESSING	22.5806	31
NATL ACADEMY OF HAIRDRESSING	22.2222	9
STATE ACAD OF COSMETOLOGY ARTS/SCI	20.8333	24
MATTATUCK COMMUNITY COLLEGE	20.7792	77
DATA INSTITUTE	19.4444	36
WATERBURY SCHOOL OF HAIRDRESSING	18.7500	16
MORSE SCHOOL OF BUSINESS	18.4615	390
ALBERT-BEATRICE SCH BEAUTY CULTURE	18.1818	11
AMORE INSTITUTE OF HAIR DESIGN	18.1818	22
HARTFORD SECRETARIAL SCHOOL	17.4603	63
NATL ACADEMY OF HAIRDRESSING	16.6667	18
J M WRIGHT REGIONAL VOC TECH SCHOOL	16.6667	6
ASNUNTUCK COMMUNITY COLLEGE	16.6667	24
BULLARD-HAVENS REG VOC TECH SCH	16.6667	30
STONE SCHOOL	16.3636	165
QUINEBAUG VALLEY COMMUNITY COLLEGE	15.7895	19
GREATER NEW HAVEN ST TECH COLLEGE	15.7895	38
PROPERSI GALLERIES & SCHOOL OF ART	15.3846	13
EAST COAST WELDING & TECHNICAL SCH	15.3846	26
NORTHWESTERN CONN COMMUNITY COLLEGE	14.8936	47
HARTFORD TECHNICAL INSTITUTE	14.8148	81
ACADEMY FOR BUSINESS CAREERS	14.5631	206
CREATIVE SCHOOL OF HAIRDRESSING	13.8889	36
NEW LONDON SCHOOL OF BUSINESS	13.5593	59
STATE ACAD OF COSMETOLOGY ARTS/SCI	13.5593	59
COMPUTER PROCESSING INSTITUTE	13.5330	1803
NEW ENGLAND TECH INST OF CONN	13.0435	23
MANCHESTER CMTY COL	12.5000	144
CONNECTICUT INST OF HAIR DESIGN	12.5000	24

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
HOWELL CHENEY REG VOC-TECH PRAC NUR	12.5000	8
AMERICO ACADEMY BEAUTY CULTURE INC	12.1212	33
NORWALK STATE TECHNICAL COLLEGE	11.5385	52
DIESEL TECHNOLOGY INSTITUTE	11.4583	96
POST JUNIOR COLLEGE	11.2782	133
BRANFORD HALL SCHOOL OF BUSINESS	10.7143	28
PAIER COLLEGE OF ART	10.5263	76
MOHEGAN COMMUNITY COLLEGE	10.5263	57
MITCHELL COLLEGE	10.1124	89
ELI WHITNEY REG VOC TECH SCH	10.0000	20
NEW LONDON ACADEMY OF HAIRDRESSING	10.0000	30
SACRED HEART UNIVERSITY	9.2910	409
TECHNICAL CAREERS INSTITUTE	9.2233	618
NORWICH REG VOC TECH SCH	9.0909	11
BRIARWOOD COLLEGE	8.6420	81
CONNECTICUT BUSINESS INSTITUTE	8.4746	118
CONNECTICUT SCH OF ELECTRONICS	8.3333	156
VINAL REG VOC TECH SCH	8.3333	12
UNIV OF NEW HAVEN	7.9665	477
THAMES VALLEY STATE TECHNICAL COL	7.8947	38
EASTERN CONNECTICUT STATE COLLEGE	7.1926	431
HARTFORD COLLEGE FOR WOMEN	7.1429	28
HOLY APOSTLES COLLEGE	7.1429	14
TORRINGTON BEAUTY ACADEMY	7.1429	28
UNIV OF BRIDGEPORT	7.0404	767
HUNTINGTON INSTITUTE	6.9444	72
PORTER AND CHESTER INSTITUTE	6.8220	601
SOUTHERN CONN STATE COLLEGE	6.5728	1065
NATIONAL ACADEMY OF HAIRDRESSING	6.2500	16
TUNXIS COMMUNITY COLLEGE	6.2500	32
KATHARINE GIBBS SCHOOL	6.1404	114
CENTRAL CONNECTICUT STATE COLLEGE	5.6443	939
UNIV OF HARTFORD	5.0520	673
UNIV OF CONN SOUTHEASTERN CAMPUS	5.0000	20
HARTFORD STATE TECHNICAL COLLEGE	4.8387	62
WESTERN CONNECTICUT STATE COLLEGE	4.4737	380
ST JOSEPH COLLEGE	3.9735	151
UNIV OF CONN WATERBURY CAMPUS	3.8462	26
BUSINESS CAREERS INSTITUTE	3.7037	27
CREATIVE SCHOOL OF HAIRDRESSING	3.7037	27
WESLEYAN UNIVERSITY	3.6011	361
HARTFORD GRADUATE CENTER THE	3.4483	29
ST MARYS HOSP SCH OF NURSING	3.2258	31
CONNECTICUT COLLEGE	2.9167	240
QUINNIPIAC COLLEGE	2.8261	460
UNIV OF CONN MAIN CAMPUS	2.8163	2237
UNIV OF CONN STAMFORD CAMPUS	2.6316	38
UNIV OF CONN HARTFORD CAMPUS	2.5641	234
YALE UNIV-SCHOOL OF MEDICINE	2.5641	39
YALE UNIVERSITY	2.4776	1453
ST FRANCIS HOSP SCH OF NURSING	2.3256	43
WATERBURY STATE TECH COLLEGE	2.2727	44

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
FAIRFIELD UNIVERSITY	1.94932	513
TRINITY COLLEGE	1.32159	227
ALBERTUS MAGNUS COLLEGE	0.00000	71
BRIDGEPORT ENGINEERING INSTITUTE	0.00000	13
HARTFORD SEMINARY FOUNDATION	0.00000	3
MOUNT SACRED HEART COLLEGE	0.00000	1
UNIV OF CONN TORRINGTON CAMPUS	0.00000	3
MT SINAI HOSP SCHOOL OF RAD-TECH	0.00000	2
ST FRANCIS HOSP SCH OF XRAY TECH	0.00000	3
DANBURY HOSP SCH OF XRAY TECH	0.00000	5
MANCHESTER MEM HOSP SCH OF XRAY TEC	0.00000	1
MERIDEN-WALLINGFORD HOSP SCH XRAY T	0.00000	2
BRIDGEPORT HOSP SCH OF NURSING	0.00000	22
ONA M WILCOX SCHOOL OF NURSING	0.00000	11
ST VINCENTS MED CEN SCH OF NURSING	0.00000	21
SOUTH CENTRAL CMTY COL	0.00000	1
PORTER AND CHESTER INSTITUTE	0.00000	2
WINDHAM REG TECHNICAL SCHOOL	0.00000	16
NATL ACADEMY OF HAIRDRESSING	0.00000	6
UNIV OF CONN HEALTH CTR	0.00000	2
HARTFORD CONSERVATORY	0.00000	11
E C GOODWIN REG VOC TECH SCH	0.00000	6
UNIV OF CONN SCH OF MEDICINE	0.00000	48
UNIV OF CONN SCH OF DENTAL MED	0.00000	48
ST FRANCIS HOSP SCH OF RESP THERAPY	0.00000	2
H C WILCOX REG VOC TECH SCH	0.00000	1
BRIDGEPORT HOSP SCH OF RESP THERAPY	0.00000	5
SCHOOL OF THE HARTFORD BALLET	0.00000	8
HENRY ABBOTT REG VOC-TECH SCH	0.00000	6
H H ELLIS REGIONAL VOCA-TECH SCH	0.00000	9
ROFFLER ACADEMY FOR HAIRSTYLISTS	0.00000	11
LEON'S INSTITUTE OF HAIR DESIGN	0.00000	7
HAIRCUTTING INSTITUTE	0.00000	6
BRIDGEPORT HOSP SCH OF NURSE ANEST	0.00000	3
UNIV OF CONN HLTH CTR SCH OF MED	0.00000	8
YALE UNIV-SCH OF MED-DEPT OF EPIDEM	0.00000	1

DISTRICT OF COLUMBIA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DICKINSON BUSINESS SCH-BROOKNEIN CA	84.7134	157
WASHINGTON INTERNATIONAL COLLEGE	77.7778	9
SMITH BUSINESS SCHOOL	74.5342	483
WASHINGTON D C BEAUTY ACADEMY	72.3404	188
GEORGETOWN SCHOOL OF SCIENCE & ART	62.0130	308
JEFFERSON BUSINESS COLLEGE	58.1395	129
NAT'L CONSERVATORY OF DRAMATIC ARTS	58.0645	31
CALVINADE BEAUTY ACADEMY	54.0541	37
HUMRRO TECHNICAL EDUCATION CENTER	51.8219	247
STRAYER COLLEGE	48.7500	880
SOUTHEASTERN UNIVERSITY	46.1988	171
NATIONAL INSTITUTE OF COSMETOLOGY	45.6522	46
CORCORAN SCHOOL OF ART	43.1818	44
CULINARY SCHOOL OF WASHINGTON	43.0000	200
WASHINGTON SCHOOL FOR SECRETARIES	42.3143	579
BENJAMIN FRANKLIN UNIVERSITY	36.8421	38
UNIV OF THE DISTRICT OF COLUMBIA	36.3636	187
HANNAH HARRISON CAREER SCHOOL-YWCA	36.3636	11
LINCOLN TECHNICAL INSTITUTE	35.3791	277
ANTIOCH UNIVERSITY SCHOOL OF LAW	32.4468	188
HOWARD UNIVERSITY	31.6604	1415
MOUNT VERNON COLLEGE	21.5909	88
AMERICAN UNIVERSITY	12.8070	1140
SCH OF ADV INTL STDY OF J HOPKINS U	11.1111	9
GEORGETOWN UNIV GRAD SCH/ARTS &SCI	10.8911	202
GEORGETOWN UNIV LAW CENTER	10.7843	408
BEACON COLLEGE	10.7143	28
GALLAUDET COLLEGE	10.0000	90
GEORGE WASHINGTON UNIV	9.4236	1093
GEORGETOWN UNIV SCH OF MEDICINE	8.6331	139
GEORGETOWN UNIV SCH OF DENTISTRY	8.4112	107
CATHOLIC UNIVERSITY OF AMERICA	8.3216	709
TRINITY COLLEGE	7.7778	90
WESLEY THEOLOGICAL SEMINARY	5.8824	17
GEORGETOWN UNIV	5.0000	760
GEORGE WASHINGTON UNIV SCH OF MED	4.3103	116
GEORGE WASHINGTON UNIV LAW CENTER	3.9370	254
JOHNS HOPKINS UNIV-ADV. INT'L STUD.	3.0769	65
OBLATE COLLEGE	0.0000	1
GREATER S E CMTY HOSP-SCH OF NUR AN	0.0000	4
WASHINGTON HOSP CTR SCH OF MED TECH	0.0000	3

DELAWARE

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
U.S.A. TRAINING ACADEMY, INC	39.1296	5124
SCHILLING-DOUGLAS SCH - HAIR DESIGN	35.9375	64
KELLY'S BEAUTY SCHOOL	26.6667	15
DOVER BEAUTY ACADEMY	25.0000	4
DELAWARE STATE COLLEGE	22.8916	166
DELAWARE TECH & CMTY COL STHN CAMPU	22.0779	77
DELAWARE TECH & CMTY COL TERRY CAMP	20.0000	10
DOROTHEA B LANE SCHOOLS	14.6667	75
WILMINGTON COLLEGE	11.5942	69
DELAWARE TECH & CMTY COL STANTON	10.7143	84
DELAWARE LAW SCH OF WEIDNER COLLEGE	9.9099	111
WESLEY COLLEGE	8.9109	101
GOLDEY BEACOM COLLEGE	5.5944	143
BRANDYWINE COLLEGE	5.4545	55
UNIVERSITY OF DELAWARE	3.0070	1563
WILMINGTON MED CTR SCH OF RAD-TECH	0.0000	1
WILMINGTON MED CTR SCH OF ANESTHESI	0.0000	1
BEEBE HOSPITAL SCHOOL OF NURSING	0.0000	3

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF SUSSEX	100.000	1
UNIV COMPLUTENSE DE MADRID MED SCH	100.000	1
UNIV OF SEVILLE	100.000	1
UNIV OF SANTIAGO DE COMPOSTELA	100.000	1
ST PAUL UNIVERSITY	100.000	1
EUROPEAN INST OF BUS ADMINISTRATION	100.000	1
VRIJE UNIVERSITEIT BRUSSEL	100.000	1
ROYAL DANISH ACADEMY OF MUSIC	100.000	1
UNIV OF QUEENSLAND	100.000	1
ROYAL ACADEMY OF MUSIC	100.000	1
ECOLE HOTELIERE LAUSANNE	100.000	1
KOREA UNIVERSITY COL OF MEDICINE	100.000	1
CENTRO ESCOLAR UNIV	100.000	1
UNIV OF MESSINA-VETERINARY MEDICINE	100.000	1
ESCUELA LIBRE DE HOMEOPATRIA DE MEX	100.000	1
KING EDWARD MEDICAL COLLEGE	100.000	1
UNIV OF LONDON QUEEN MARY COLLEGE	50.000	2
BISHOP'S UNIVERSITY	50.000	2
UNIV OF ALBERTA	50.000	2
UNIV OF THE PHILIPPINES INAT'L STUD	50.000	2
UNIV OF ST ANDREWS	50.000	2
ACADEMY OF MUSIC AND DRAMATIC ARTS	50.000	2
UNIV AUTONOMA DE PUEBLA	50.000	4
SOUTHWESTERN UNIV-AZNAR COL OF MED	50.000	2
UNIV OF CAMBRIDGE ST EDMUNDS HOUSE	50.000	2
LAWRENCE COL OF APPLIED ARTS & TECH	50.000	2
UNIVERSIDAD AUTONOMA DE GUERRERO	42.857	7
UNIV OF VALENCIA INST SPANISH STUDY	33.333	6
ST MARYS UNIVERSITY	33.333	3
UNIV OF REGINA	33.333	3
LOUGHBOROUGH UNIV OF TECHNOLOGY	33.333	3
UNIV NACIONAL AUTONOMA DE MEXICO	33.333	12
UNIVERSITY OF DURHAM	33.333	3
HAIFA UNIVERSITY	33.333	3
UNIV OF OXFORD ST ANTONY'S COLLEGE	33.333	3
WEBBER DOUGLAS ACAD OF DRAMATIC ART	33.333	3
UNIV DI MESSINA FAC OF MEDICINE	33.333	3
INST TECHNOLOGICO DE SANTO DOMINGO	28.571	7
DRAMA STUDIO	28.571	7
UNIV OF LONDON UNIVERSITY COLLEGE	25.000	4
KASTURIBA MEDICAL COLLEGE	25.000	4
UNIV OF LONDON KINGS COLLEGE	25.000	4
TRINITY WESTERN COLLEGE	25.000	4
UNIV AUTONOMA DE TAMAULIPAS FAC MED	25.000	8
NORTH AMERICAN BAPTIST COLLEGE	25.000	4
UNIVERSIDAD DEL NORESTE	22.222	45
AMERICAN COLLEGE IN LONDON	22.222	9
KATHOLIEK UNIV LEUVEN INST OF PHILO	20.000	5
UNIV OF TORINO	20.000	5
UNIV UF CHIHUAHUA SCH OF MEDICINE	20.000	5
EMERSON COLLEGE	20.000	5
COURS DE CIVILISATION FRANCAISE	18.182	11

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
AMERICAN COLLEGE	17.6471	17
UNIV AUTO DE CIUDAD JUAREZ BIOMED	17.3913	46
UNIV OF DUBLIN TRINITY COLLEGE	16.6667	6
UNIV OF ROME	16.6667	6
ACADIA UNIVERSITY	16.6667	6
UNIVERSITY COLLEGE DUBLIN	16.6667	6
MICHLALAH-JERUSALEM COL FOR WOMEN	16.1290	31
UNIVERSIDAD CENTRAL DEL ESTE	15.2709	203
UNIV AUTONOMA DE SANTO DOMINGO	13.3333	15
TEL-AVIV UNIVERSITY	12.5000	8
UNIV DEGLI STUDI DI PARMA	12.5000	8
LA UNIVERSIDAD DE NUEVO LEON	10.0000	20
NORTH AMERICAN COLLEGE	9.0909	11
LONDON SCH OF ECON & POLITICAL SCI	7.5472	53
UNIV OF TORONTO	7.1429	28
UNIV CATOLICA MADRE Y MAESTRA	7.1429	14
UNIV DEGLI STUDI DI ROMA FAC DI MED	6.2500	16
AMERICAN UNIV OF THE CARIBBEAN MED	6.2500	32
ROSS UNIVERSITY SCH OF MEDICINE	6.0606	33
UNIV AUTONOMA DE GUADALAJARA	4.8077	104
TEL AVIV UNIV SACKLER SCH OF MED	4.1667	24
ST GEORGE'S UNIV SCHOOL OF MEDICINE	1.9608	51
MCGILL UNIVERSITY	1.0101	99
HEBREW UNIV OF JERUSALEM	0.0000	19
AMERICAN UNIVERSITY IN CAIRO	0.0000	10
UNIV OF VIENNA	0.0000	2
UNIVERSTE LIBRE DE BRUXELLES	0.0000	5
CANADIAN BIBLE COLLEGE	0.0000	1
CONCORDIA UNIVERSITY LOYOLA CAMPUS	0.0000	2
QUEENS UNIVERSITY AT KINGSTON	0.0000	10
ST FRANCIS XAVIER UNIVERSITY	0.0000	11
ST THOMAS COLLEGE	0.0000	3
UNIV OF GUELPH	0.0000	4
UNIV OF MANITOBA	0.0000	2
UNIV OF NEW BRUNSWICK	0.0000	7
UNIV OF OTTAWA STUDENT FIN AID OFF	0.0000	2
UNIV OF TORONTO ST MICHAELS COLLEGE	0.0000	2
UNIV OF WINDSOR	0.0000	3
UNIV OF COPENHAGEN	0.0000	1
UNIV OF CAMBRIDGE PEMBROKE COLLEGE	0.0000	1
UNIVERSITY OF LEEDS	0.0000	1
SCH OF ORIENTAL & AFRICAN STUDIES	0.0000	1
UNIV OF LONDON	0.0000	3
UNIVERSITY OF YORK	0.0000	1
RUPRECHT-KARLS UNIVERSITAT	0.0000	5
UNIVERSITY COLLEGE	0.0000	1
UNIV OF BOLOGNA	0.0000	12
UNIV OF BOLOGNA MEDICAL SCHOOL	0.0000	4
UNIV OF PADOVA MED SCH	0.0000	7
UNIV OF PAVIA	0.0000	2
UNIV OF THE AMERICAS	0.0000	6
UNIVERSITE LAVAL	0.0000	2

FOREIGN COUNTRIES (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DALHOUSIE UNIVERSITY	0	6
UNIV OF EDINBURGH	0	6
SORBONNE UNIVERSITY OF PARIS	0	2
UNIV OF MADRID	0	1
UNIV OF CAMBRIDGE DOWNING COLLEGE	0	2
MCMASTER UNIVERSITY	0	1
UNIV OF NAVARRA MEDICAL SCHOOL	0	2
STOCKHOLM UNIVERSITY FACULTY OF LAW	0	2
UNIV OF GRANADA	0	1
YORK UNIVERSITY	0	6
COLLEGE OF EUROPE	0	1
UNIV DEGLI STUDI DI PADOVA	0	3
UNIV OF SASSARI	0	1
ROYAL COLLEGE OF SURGEONS	0	5
UNIV OF LAUSANNE-IMEDE MGT DVT INST	0	2
UNIV OF CALGARY	0	5
UNIV OF AIX-MARSEILLE FRENCH STUDIE	0	1
FREE UNIV OF BRUSSELS FAC MED-PHARM	0	4
UNIV OF FLORENCE CENT-CUL STRANIERI	0	1
MOUNT ST VINCENT COLLEGE	0	1
CONCORDIA UNIV SIR G WILLIAMS UNIV	0	4
CARLETON UNIVERSITY	0	4
UNIV OF BRITISH COLUMBIA	0	13
UNIV OF VICTORIA	0	1
UNIV OF BARCELONA	0	2
UNIV OF WARWICK	0	1
UNIV OF FREIBURG	0	1
UNIV OF GLASGOW	0	2
UNIVERSITY OF HELSINKI	0	1
UNIV OF INNSBRUCK	0	1
UNIVERSITY OF LEICESTER SCH OF MED	0	1
UNIV OF LIEGE	0	1
UNIVERSITY OF OSLO	0	3
UNIV OF OXFORD UNIVERSITY OFFICES	0	2
UNIV OF PISA	0	4
UNIV OF SOUTHAMPTON	0	1
UNIV OF ZARAGOZA	0	2
SIMON FRASER UNIVERSITY	0	4
UNIV OF WESTERN ONTARIO	0	4
UNIV COLLEGE OF WALES	0	3
UNIV OF GRAZ	0	1
FACULTE DE MEDECINE DE GRENOBLE	0	2
UNIV OF NEWCASTLE UPON TYNE	0	1
UNIV OF SALAMANCA	0	5
UNIV OF MELBOURNE	0	2
AMERICAN COLLEGE IN SWITZERLAND	0	5
UNIV OF THE WEST INDIES	0	2
GRAD INST OF INTERNATIONAL STUDIES	0	2
UNIV OF LYON	0	1
UNIV OF MARYLAND MUNICH CAMPUS	0	1
UNIV OF PARIS V FACULTE OF MEDICINE	0	1
SOPHIA UNIV GRAD SCH OF COMPAR CULT	0	3

FOREIGN COUNTRIES (cont'd) -32-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF WATERLOO	0	2
UNIV OF DIJON U.E.R. DE MEDECINE	0	1
WILFRID LAURIER UNIVERSITY	0	1
UNIV COLLEGE OF SWANSEA	0	1
UNIVERSITY OF ESSEX	0	1
CITY UNIVERSITY	0	8
UNIV OF BIRMINGHAM	0	1
LAKEHEAD UNIVERSITY	0	1
UNIV OF NOTTINGHAM	0	1
UNIV OF LONDON ROYAL HOLLOWAY COL	0	1
UNIVERSITY OF ATHENS	0	1
UNIV OF SALZBURG	0	1
TECHNICAL UNIVERSITY OF BERLIN	0	1
UNIV OF NEW ENGLAND	0	1
BAR ILAN UNIVERSITY	0	8
UNIVERSITE DE NEUCHATEL	0	1
ARCHITECTURAL ASSOCIATION	0	2
BROCK UNIVERSITY	0	1
INST FOR AMERICAN UNIVERSITIES	0	2
UNIV OF PRINCE EDWARD ISLAND	0	1
UNIVERSITY OF ABERDEEN	0	2
NOVA SCOTIA TECHNICAL COLLEGE	0	1
UNIVERSITY OF EXETER	0	1
UNIVERSITY OF LANCASTER	0	1
UNIV OF KIEL	0	2
MEMORIAL UNIVERSITY OF NEWFOUNDLAND	0	1
MOUNT ALLISON UNIVERSITY	0	2
TRENT UNIVERSITY	0	2
UNIV NACIONAL PEDRO HENRIQUEZ URENA	0	18
UNIV AUTONOMA DE GUADALAJARA	0	5
UNIV EAST R MAGSAYSAY MEM MED CTR	0	3
UNIVERSITY OF SANTO TOMAS	0	2
UNIVERSITY OF SURREY	0	2
UNIV DEGLI STUDI DI PERUGIA	0	6
TAINAN NORMAL UNIVERSITY	0	1
UNIVERSITY OF CAPE TOWN	0	1
UNIVERSITA DI CATANIA	0	1
UNIV OF OXFORD CORPUS CHRISTI COL	0	1
CENTRAL SCHOOL OF SPEECH AND DRAMA	0	1
UNIV OF OXFORD BALLIOL COLLEGE	0	1
UNIV OF SYDNEY	0	1
CARL G JUNG INSTITUTE	0	1
UNIV OF LONDON INST OF ARCHEOLOGY	0	3
NATL & CAPOD UNIV OF ATHENS MED SCH	0	2
UNIV OF TUBINGEN EBERHARD KARL	0	1
SHERIDON COL OF APPLIED ARTS & TECH	0	1
FAR EASTERN UNIVERSITY	0	1
FEINBERG GRAD SCH-WEIZMANN INST SCI	0	1
CHUNG CHI COL CHINESE U HONG KONG	0	1
INST OF SOCIAL STUDIES	0	1
RICHMOND COLLEGE	0	5
L'INST D'ETUDES POLITIQUES DE PARIS	0	2

FOREIGN COUNTRIES (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
REGENT COLLEGE	0	7
UNIV DE MONTERRAY DIV OF HLTH SCI	0	13
UNIV OF TUNIS	0	1
RYERSON POLYTECHNICAL INSTITUTE	0	1
UNIV OF AMSTERDAM EUROPA INSTITUTE	0	1
MEDICAL ACADEMY OF WARSAW	0	1
ST PATRICKS COLLEGE	0	1
SEMMELWEIS UNIVERSITY OF MEDICINE	0	2
INTER TRNG CTR AERIAL SUR EARTH SCI	0	2
UNIV OF BERGEN	0	1
UNIV OF DUSSELDORF	0	1
UNIV OF OXFORD MAGDALEN COLLEGE	0	1
UNIV DE LA LAGUNA	0	1
UNIV OF OXFORD SOMERVILLE COLLEGE	0	1
UNIV OF OXFORD WADHAM COLLEGE	0	2
UNIV AUTO DE SAN LUIS POTOSI MED SC	0	1
PONTIFICIA UNIVERSITA SAN TOMMASO	0	1
UNIV OF OXFORD ST ANNES COLLEGE	0	1
UNIV OF OXFORD LADY MARGARET HALL	0	1
UNIV OF OXFORD UNIVERSITY COLLEGE	0	4
UNIV OF OXFORD PEMBROKE COLLEGE	0	1
UNIV OF OXFORD ORIEL COLLEGE	0	3
UNIV OF OXFORD NEW COLLEGE	0	1
UNIV OF OXFORD MERTON COLLEGE	0	1
UNIV OF OXFORD LINCOLN COLLEGE	0	1
UNIV OF OXFORD HERTFORD COLLEGE	0	4
ACADEMY FOR MUSIC & DRAMATIC ART	0	1
TEACHERS COLLEGE	0	1
NATIONAL UNIV OF LA PLATA	0	1
FEDERAL UNIV OF ESPIRITO SANTO	0	1
UNIVERSITY OF THE WITWATERSRAND	0	2
NATIONAL POLYTECHNIC INSTITUTE	0	1
FREIBURG CONSERVATORY OF MUSIC	0	1
UNIVERSITY OF BATH	0	1
FRANKLIN COLLEGE	0	3
BRIERCREST BIBLE INSTITUTE	0	1
DEREE-PIERCE COLLEGES DEREE COLLEGE	0	1
UNIV OF LONDON GOLDSMITH COLLEGE	0	1
UNIV OF MODENA OPERA UNIV DI MODENA	0	1
PONTIFICIA UNIV SAN THOMAS	0	1
UNIVERSITY OF CHIETI MEDICAL SCHOOL	0	3
UNIV OF ANGERS	0	1
CAIRO UNIVERSITY FACULTY OF MED	0	3
SOUTHWESTERN UNIVERSITY	0	1
TRINITY COLLEGE	0	1
UNIV OF CAMBRIDGE GIRTON COLLEGE	0	1
CORDON BLEU COOKERY SCHOOL	0	1
VICTORIA UNIVERSITY OF MANCHESTER	0	1
UNIV DEGLI STUDI DI PERUGIA VET MED	0	1
UNIV LITICIA FAC DE MEDICINA	0	1
GOETHE INSTITUTE	0	1
UNIV OF DUBLIN SCH OF IRISH STUDIES	0	1

FOREIGN COUNTRIES (cont'd) -34-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
INST OF MEDICINE AND PHARMACOLOGY	0	4
UNIV CATHOLIQUE LOUVAIN SCH OF MED	0	1
UNIV OF ALEXANDRIA FAC OF MEDICINE	0	1
UNIV CATH DE LEUVEN INST OF BACTERI	0	1
UNIVERSIDAD NACIONAL DE COLUMBIA	0	2
UNIV OF SAN CARLOS-SCH OF MEDICINE	0	1
NICILAUS COPERNICUS ACADEMY OF MED	0	1
UNIV OF TRIESTE FAC OF MED	0	1
UNIV OF PARMA FAC OF VETERINARY MED	0	1
UNIV OF THE PHILIPPINES VET MED COL	0	3
UNIV AUTONOMA DE MADRID FAC DE MED	0	2
UNIV OF CAMBRIDGE GONVILLE & CAIUS	0	1
FAR EASTERN UNIV REYES MED FOUNDAT	0	5
UNIV OF KULN	0	1
AKADEMIA MEDYCZNA	0	3
UNIV OF LJUBLJANA	0	1
ST DAVID'S UNIVERSITY COLLEGE	0	1
UNIV OF RENNES INSTITUT DE GESTION	0	1
ROYAL CONSERVATORY OF MUSIC	0	2
UNIV OF NICE FACULTE DE MEDECINE	0	2
BENESH INSTITUTE OF CHOREOLOGY, LTD	0	1
UNIV OF AUCKLAND	0	1
JAGELLONIAN UNIVERSITY	0	2
UNIV OF NAVARRA	0	3
AIN SHAMS UNIV SCH OF MEDICINE	0	2
GREGORIO ARANETA UNIVERSITY VET MED	0	5
UNIV OF MONTPELLIER I FAC OF MED	0	2
ARISTOTLE UNIV OF SALONIKI	0	5
KEIO UNIVERSITY INTERNATIONAL CTR	0	2
FACULTE LIBRE DE MEDECINE DE LILLE	0	2
HAMPSTEAD CHILD-THERAPY CLINIC	0	2
NORMAL SCHOOL OF MUSIC	0	1
CONCORDIA UNIVERSITY	0	1
CHINA MEDICAL COLLEGE	0	1
ST AUGUSTINE SEMINARY	0	1
UNIV OF CAMBRIDGE DARWIN COLLEGE	0	6
CONSTRUCTIVE TEACHING CENTER LTD.	0	1
UNIV OF CAMBRIDGE WOLFSON COLLEGE	0	2
UNIVERSIDAD DEL NORESTE	0	1
INSTITUT INTERNATIONAL DE GILLON	0	1
PERPETUAL HELP COLLEGE OF MEDICINE	0	2
UNIV DEGLI STUDI DI PALERMO	0	3
YONSEI UNIVERSITY COL OF MEDICINE	0	2
VIRGEN MILAGROSA INST OF MEDICINE	0	2
UNIV OF STUTTGART	0	1
LONDON BUSINESS SCHOOL	0	3
OUR LADY OF FATIMA COLLEGE	0	1
BETHANY BIBLE COLLEGE	0	8
AMERICAN INST OF MUSICAL STUDIES	0	10
LONDON ACAD OF MUSIC & DRAMATIC [illegible]T	0	8
CANADIAN MEMORIAL CHIROPRACTIC C[illegible]	0	1
PEKING UNIVERSITY (BEIJING UNIV)	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF LONDON COURTAULD INST /ART	0	4
COLLEGE FUR DESIGN	0	3
ALBERT LUDWIGS UNIVERSITY	0	2
AMERICAN COLLEGE	0	1
WORLD UNION OF JEWISH STUDENTS	0	2
JERUSALEM COLLEGE OF TECHNOLOGY	0	1
UNIV OF NAVARRA I.E.S.E.	0	4
GREGORIO ARANETA UNIVERSITY	0	8
DAYANAND MEDICAL COLLEGE	0	1
OHR SOMAYACH INSTITUTIONS	0	1
UNIV OF CAMBRIDGE KINGS COLLEGE	0	1
INTERNATIONAL UNIVERSITY OF JAPAN	0	1
UNIV OF TAMAULIPAS SCH OF VET MED	0	1
UNIV OF OXFORD WYCLIFFE HALL	0	1
INSTITUTE FOR CHRISTIAN STUDIES	0	1
UNIV OF CAMBRIDGE MAGDALENE COLLEGE	0	1
QUEENS' COLLEGE	0	1
UNIV DEGLI STUDI DI TRIESTE	0	2
KANSAI UNIV OF FOREIGN STUDIES	0	1
INTERNATIONAL GRADUATE SCHOOL (IES)	0	1
CHINESE UNIVERSITY OF HONG KONG	0	1
STATE ACADEMY OF MUSIC	0	1
MARLBOROUGH COLLEGE	0	3
LONDON SCH OF HYGIENE/TROPICAL MED	0	1
UNIV OF PARIS SANTE MED BIO HUMAINE	0	1
ROYAL WINNIPEG BALLET SCHOOL	0	1
FAC DE MEDECINE X BICHAT PARIS VII	0	1
UNIV DE BARCELONA FAC DE FILOLOGIA	0	1
INST DE ESTUDIOS INTERNACIONALES	0	1
LIVERPOOL UNIVERSITY VETERINARY SCH	0	1
UNIV OF ULM	0	1
UNIV OF SASKATCHEWAN	0	1
ESCUELA SUP DE MED IPN-OPTOMETRIA	0	1
LARIBOISIERE-SAINT-LOUIS FAC OF MED	0	2
INST OF MEDICINE AND PHARMACY	0	1
YESHIVAT HAR ETZION	0	2
UNIV OF CAMBRIDGE HUGHES HALL	0	1
UNIV OF REIMS CHAMPAGNE ARDENNE	0	1
CHRISTIAN-ALBRECHTS-UNIVERSITAT	0	1
AISH HATORAH-COL OF JEWISH STUDIES	0	1
BANFF CENTRE FOR CONTINUING ED	0	1
PARDES INSTITUTE OF JEWISH STUDIES	0	1

FLORIDA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ROFFLER HAIR DESIGN COLLEGE	100.000	3
SPECIAL TRAINING OPPORTUNITY PRGM	100.000	1
FLORIDA COLLEGE OF BUSINESS	74.138	406
ROMAR HAIRSTYLING ACADEMY	66.667	6
ST PETERSBURG JR COLLEGE CLEARWATER	60.000	5
HOLLYWOOD COLLEGE OF BEAUTY CULTURE	56.818	44
FLORIDA MEMORIAL COLLEGE	56.667	90
ULTISSIMA BEAUTY INST AT HIALEAH	52.083	48
WILFRED ACAD OF HAIR & BEAUTY CULT	43.646	181
FLORIDA COLLEGE OF MED & DENT CAREE	41.803	244
COLLIER COUNTY VOC-TECH CENTER	40.000	10
ROFFLER HAIR DESIGN COLLEGE	40.000	10
RAY-MAR BEAUTY COLLEGE	38.710	31
WILFRED'S ACA. OF HAIR & BEAUTY COL	38.043	92
FLORIDA COLLEGE OF MED & DENT CAREE	37.702	618
COMPUTECH INSTITUTE	37.500	8
WILFRED ACAD OF HAIR & BEAUTY CULT	36.522	115
NATIONAL TRAINING	35.567	194
ROFFLER HAIR DESIGN COLLEGE	35.294	34
WILLFREDS FREDERIC HAIRSTYLING ACAD	35.036	137
NATIONAL SCH OF TECHNOLOGY	33.784	222
UNITED COLLEGE	33.677	291
PINELLAS BEAUTY COLLEGE	33.333	18
NORMANDY BEAUTY COLLEGE	33.333	6
MR ARNOLD ROMAR ACADEMY	33.333	39
JOHN AMICO'S SCHOOL OF HAIR DESIGN	33.333	6
TITUSVILLE BEAUTY SCHOOL	33.333	27
AMERICAN MEDICAL TRAINING INSTITUTE	33.333	27
BETHUNE COOKMAN COLLEGE	32.700	263
SUNSTATE COLLEGE OF HAIR DESIGN	31.111	45
FLORIDA KEYS COMMUNITY COLLEGE	30.769	13
WILFRED TRENDSETTERS HAIRSTYLE ACAD	30.693	101
WILFRED ACAD OF HAIR & BEAUTY CULT	28.571	84
BRADENTON BEAUTY ACADEMY	28.571	14
PAN AMERICAN BEAUTY SCHOOL	28.571	140
INTERNATIONAL ACAD OF HAIR DESIGN	28.571	21
WILFRED ACAD OF HAIR & BEAUTY CULT	28.477	151
WILFRED ACAD OF HAIR & BEAUTY CULT	28.431	204
MARGATE SCHOOL OF BEAUTY	28.333	60
SOUTHERN TECHNICAL INSTITUTE	28.261	138
JONES COLLEGE MAIN CAMPUS	28.094	299
MED ARTS TRNG CTR MED ASST PROGRAM	27.778	90
UNIVERSAL HAIR STYLING ACADEMY	27.778	36
COASTAL TRAINING INST COL OF COSMET	27.711	83
HOLLYWOOD COLLEGE OF BEAUTY CULTURE	27.473	91
SOUTHERN CAREER INSTITUTE	27.273	11
ST PETERSBURG VOC TECH INSTITUTE	27.211	147
FLORIDA CAREER COLLEGE	27.027	37
ROBERT FIANCE INSTITUTE OF FLORIDA	25.000	4
ROFFLER HAIR DESIGN COLLEGE	25.000	20
JOHN AMICO'S SCHOOL OF HAIR DESIGN	25.000	8
ORLANDO COLLEGE	24.378	201

FLORIDA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CHARRON WILLIAMS COLLEGE	23.4043	47
ROMAR MELBOURNE BEAUTY ACADEMY	22.7273	22
RIVERSIDE HAIRSTYLING ACADEMY	22.5000	40
MORRIS JUNIOR COLLEGE OF BUSINESS	22.2222	27
MANHATTAN BEAUTY SCHOOL	22.2222	45
ROMAR HAIRSTYLING ACADEMY	21.4286	14
FLORIDA A & M UNIVERSITY	20.8861	316
LARGO BEAUTY ACADEMY	20.6897	29
EDISON COMMUNITY COLLEGE	20.3125	64
LAKELAND COLLEGE OF BUSINESS	20.0000	30
LEWIS M LIVELY AREA VOC-TECH SCHOOL	20.0000	40
ROMAR'S LAKE BEAUTY SCHOOL	20.0000	25
HILLSBOROUGH COMMUNITY COLLEGE	19.8758	161
EDWARD WATERS COLLEGE	19.6429	56
PROSPECT HALL COLLEGE	19.6078	153
MIAMI-DADE C.C. (NORTH CAMPUS)	19.3548	93
TAMPA COLLEGE MAIN CAMPUS	19.2053	453
SHERIDAN VOCATIONAL CENTER	19.1489	47
TOMLINSON ADULT EDUCATION CENTER	19.0476	21
STENOTYPE INSTITUTE OF JACKSONVILLE	19.0476	21
UNITED TECHNICAL INSTITUTE	19.0476	21
ROFFLER HAIR DESIGN COLLEGE	18.8679	53
MIAMI CHRISTIAN UNIVERSITY	18.7500	16
PALM BEACH BEAUTY SCHOOL	18.7500	16
INDIAN RIVER COMMUNITY COLLEGE	18.6047	43
PINELLAS VOC TECH INSTITUTE	18.4713	157
KEISER SCHOOL	18.3824	136
FORT LAUDERDALE UNIVERSITY	18.1818	33
UNITED ELECTRONICS INSTITUTE	18.1818	286
NATIONAL INSTITUTE OF CAREERS	18.1818	22
FLORIDA JUNIOR COLLEGE JACKSONVILLE	17.8947	95
ATLANTIC VOCATIONAL CENTER	17.6471	34
WEBBER COLLEGE	17.5000	40
ERWIN AREA VOC TECHNICAL-CENTER	17.0000	100
SEMINOLE JUNIOR COLLEGE	16.6667	78
LEE COUNTY AREA VOC TECH SCHOOL	16.6667	36
ROMAR HAIRSTYLING ACADEMY	16.6667	24
FENNEL'S ACADEMY COSMETOLOGY	16.6667	6
DAYTONA BEACH COMMUNITY COLLEGE	16.5625	320
NORTH MIAMI BEAUTY SCHOOL	16.4557	79
INTERNATIONAL FINE ARTS COLLEGE	16.0000	75
ART INSTITUTE OF FT LAUDERDALE	15.8879	321
LAKE COUNTY AREA VOC-TECH CENTER	15.3846	13
NATL EDUCATION CENTER-BAUDER COL	15.0685	146
TOTAL TECHNICAL INSTITUTE	14.9254	67
WARNER SOUTHERN COLLEGE	14.8936	47
INTERNATIONAL TECHNICAL INSTITUTE	14.8936	94
PALM BEACH JUNIOR COLLEGE	14.5038	131
CHIPOLA JUNIOR COLLEGE	14.2857	14
LORAINES HAIRSTYLING ACADEMY	14.2857	42
ROBERT FIANCE INSTITUTE OF FLORIDA	14.2857	7
WEST TECHNICAL EDUCATION CENTER	14.2857	7

FLORIDA (cont'd) -38-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CAREER TRAINING INSTITUTE	13.8889	36
PASCO HERNANDO COMMUNITY COLLEGE	13.6364	44
BROWARD COMMUNITY COLLEGE	13.5802	162
MIAMI-DADE C.C. (NEW WORLD CTR CMP)	13.0435	46
VALENCIA COMMUNITY COLLEGE	12.9353	201
FLORIDA TECHNICAL COLLEGE	12.9151	271
MIAMI-DADE C.C. (SOUTH CAMPUS)	12.9032	155
SOUTHERN COLLEGE	12.8205	117
SUNCOAST BEAUTY SCHOOL OF FLORIDA	12.5000	8
SANTA FE COMMUNITY COLLEGE	12.4224	161
BREVARD COMMUNITY COLLEGE	11.8519	135
HOBE SOUND BIBLE COLLEGE	11.7647	17
CENTRAL FLORIDA COMMUNITY COLLEGE	11.6279	43
ITS CAREER INSTITUTE	11.6279	301
CHAPMAN SCH SEAMANSHIP/MARITIME ART	11.1111	9
NATL EDUCATION CTR-TAMPA TECH INST	10.8280	471
LAKE CITY COMMUNITY COLLEGE	10.5263	19
MIAMI-DADE C.C. (MED CENTER CAMPUS)	10.4167	48
CONTINENTAL ACADEMY OF HAIR DESIGN	10.0000	10
ST PETERSBURG JR COLLEGE	9.9156	474
TALLAHASSEE COMMUNITY COLLEGE	9.8592	71
JACKSON MEM HOSP SCH OF NURSING	9.5238	21
COLLEGE OF BOCA RATON	9.4340	53
FLAGLER COLLEGE	9.1837	98
LAKE SUMTER COMMUNITY COLLEGE	9.0909	11
PALM BEACH ATLANTIC COLLEGE	8.9286	56
BARRY COLLEGE	8.8889	135
MANATEE JUNIOR COLLEGE	8.6420	81
EMBRY RIDDLE AERONAUTICAL UNIV	8.6245	916
UNIVERSITY OF TAMPA	8.5308	211
UNIV OF MIAMI	8.4674	1181
ST LEO COLLEGE	8.3969	131
GULF COAST COMMUNITY COLLEGE	8.3333	36
CHARRON WILLIAMS COLLEGE	8.3333	12
NATIONAL BEAUTY SCHOOL	8.3333	12
NATL EDUCATION CENTER-BROWN INST	8.2474	97
JACKSONVILLE UNIVERSITY	8.2353	170
NOVA UNIVERSITY	8.1481	540
UNIV OF MIAMI SCH OF MED	7.9365	126
FLORIDA SOUTHERN COLLEGE	7.7720	193
ECKERD COLLEGE	7.5581	172
FLORIDA ATLANTIC UNIV	7.5377	398
FLORIDA INSTITUTE OF TECHNOLOGY	7.3394	545
FLORIDA INTERNATIONAL UNIVERSITY	7.0632	269
PENSACOLA JUNIOR COLLEGE	6.5574	122
BAPTIST BIBLE COLLEGE	6.4516	31
FLORIDA STATE UNIVERSITY	6.4324	1679
UNIVERSITY OF CENTRAL FLORIDA	6.1896	1034
POLK JUNIOR COLLEGE	5.8824	17
UNIV OF SOUTH FLORIDA	5.4015	1370
ROLLINS COLLEGE MAIN CAMPUS	5.3892	167
SOUTHEASTERN COLLEGE-ASSEMB OF GOD	5.2632	76

FLORIDA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ROBINSON BEAUTY SCHOOL	5.26316	19
ST JOHNS RIVER JUNIOR COLLEGE	5.00000	20
UNIVERSITY OF NORTH FLORIDA	4.79452	146
ST. THOMAS OF VILLANOVA UNIVERSITY	4.63576	151
UNIV OF FLORIDA	4.42478	2034
UNIVERSITY OF WEST FLORIDA	3.53982	226
FLORIDA COLLEGE	3.22581	31
STETSON UNIV (JOHN B)ALL CAMPUSES	2.73973	292
UNIV OF SOUTH FLORIDA COL OF MED	2.38095	42
RINGLING SCHOOL OF ART	1.47059	68
CLEARWATER CHRISTIAN COLLEGE	0.00000	17
NEW COLLEGE	0.00000	1
OKALOOSA-WALTON JUNIOR COLLEGE	0.00000	3
SOUTH FLORIDA JUNIOR COLLEGE	0.00000	3
FLORIDA SAN & HOSP SCH OF XRAY TECH	0.00000	1
JACKSON MEM MED CTR PROG RAD-TECH	0.00000	1
SARASOTA VOC TECH CENTER	0.00000	1
NORTH TECHNICAL EDUCATION CENTER	0.00000	8
ST JOHN VIANNEY MINOR SEMINARY	0.00000	2
REGIONAL SEM OF ST VINCENT DE PAUL	0.00000	2
FLIGHT SAFETY INTERNATIONAL	0.00000	4
STRATFORD WOMENS COLLEGE	0.00000	1
WOODYS HAIRSTYLING INSTITUTE	0.00000	13
BAYFRONT MED CENTER SCH OF RAD-TECH	0.00000	1
BAY MEMORIAL MED CTR SCH OF ANEST	0.00000	5
MOUNT SINAI HOSP SCH OF RAD-TECH	0.00000	1
SOUTH TECHNICAL EDUCATION CENTER	0.00000	8
ROBERT FIANCE INSTITUTE OF FLORIDA	0.00000	6
MR DEL'S BEAUTY SCHOOL	0.00000	3
MR DEL'S UNIV OF COSMETOLOGY	0.00000	4
BAY AREA ACADEMY OF BUSINESS	0.00000	1
COLLEGE OF BEAUTY CAREERS	0.00000	2
CENTRAL FLORIDA BIBLE COLLEGE	0.00000	4
SOUTHEASTERN COL OF OSTEOPATHIC MED	0.00000	7
GULFPORT & ST PETE ACAD OF BEAUTY	0.00000	2
STENOTYPE INST OF JACKSONVILLE HOME	0.00000	1
RENBERG'S HAIRSTYLING ACADEMY	0.00000	4
UNIV OF FLORIDA COL OF MEDICINE	0.00000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
RUTLEDGE COLLEGE	70.0000	10
ATLANTA COLLEGE OF MED & DENT ASST	64.0000	200
DIMPLES BEAUTY COLLEGE	62.5000	16
ATLANTA AREA TECHNICAL SCHOOL	55.5556	63
D.R.M. WORD PROCESSING TRAINING SCH	53.3333	30
PHILLIPS COLLEGE OF ATLANTA	52.4664	223
PAINE COLLEGE	50.6494	77
KU'WETA BEAUTY COLLEGE	50.0000	2
MASSEY BUSINESS COLLEGE	42.2222	45
BRANELL WOMEN'S COLLEGE	40.7643	157
MOREHOUSE COLLEGE	37.7246	167
KERR BUSINESS COLLEGE	36.2416	149
NATL EDUCATION CENTER-BRYMAN CAMPUS	35.8621	145
INTERDENOMINATIONAL THEOLOGY CENTER	30.0000	50
ATLANTA UNIVERSITY	29.0123	162
AMERICAN COLL FOR THE APPLIED ARTS	28.9474	38
CLARK COLLEGE	28.6432	199
MORRIS BROWN COLLEGE	25.8824	85
COLUMBIA THEOLOGICAL SEMINARY	25.0000	4
MUSIC BUSINESS INSTITUTE	24.1935	62
CRANDALL COL DIVISION OF AMER COL	22.9787	235
DEVRY INSTITUTE OF TECHNOLOGY	21.5923	829
SPELMAN COLLEGE	20.8955	134
BALIN INSTITUTE OF TECHNOLOGY	20.0000	5
PHILLIPS COLLEGE	19.4805	77
ART INSTITUTE OF ATLANTA	16.7910	268
EMANUEL COUNTY JUNIOR COLLEGE	16.6667	6
BAUDER FASHION COLLEGE	16.6667	66
ATLANTA COLLEGE OF ART	13.6364	22
ATLANTA JUNIOR COLLEGE	13.3333	15
OGLETHORPE COLLEGE	12.7273	55
LIFE CHIROPRACTIC COLLEGE	12.5523	239
EMMANUEL COLLEGE	12.5000	16
GUPTON JONES COL OF MORTUARY SCI	12.1951	41
CONTROL DATA INSTITUTE	11.5385	26
MERCER UNIV SOUTHERN COL OF PHARM	9.3023	43
MACON AREA VOCATIONAL/TECHNICAL SCH	9.0909	11
SAVANNAH STATE COLLEGE	7.6923	104
THOMAS AREA VOC TECH SCHOOL	7.1429	14
PORTFOLIO CENTER	6.8966	29
COLUMBUS COLLEGE	6.3158	95
TOCCOA FALLS INSTITUTE	6.0606	66
BROWN COL OF COURT REPORTING	5.2632	19
ALBANY STATE COLLEGE	4.3478	92
MEADOWS COLLEGE/BUSINESS -COLUMBUS	4.3478	23
ALBANY JUNIOR COLLEGE	3.7736	53
PHILLIPS COLLEGE	3.7037	189
ARMSTRONG STATE COLLEGE	3.2609	92
EMORY UNIV SCH OF MEDICINE	3.2258	31
NORTH GEORGIA TECH & VOC SCHOOL	3.1746	63
AGNES SCOTT COLLEGE	2.8571	35
EMORY UNIV SCH OF DENTISTRY	2.8571	35

GEORGIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DEKALB COMMUNITY COLLEGE	2.70270	185
COVENANT COLLEGE	2.63158	38
DALTON JUNIOR COLLEGE	2.56410	39
FORT VALLEY STATE COLLEGE	2.50000	160
GEORGIA SOUTHWESTERN COLLEGE	2.47934	121
LA GRANGE COLLEGE	2.38095	42
TIFT COLLEGE	2.17391	46
AUGUSTA AREA VOC TECH SCHOOL	2.08333	48
GEORGIA INST OF TECH MAIN CAMPUS	1.99693	651
NORTH GEORGIA COLLEGE	1.96078	102
GEORGIA STATE UNIVERSITY	1.92837	726
EMORY UNIV MAIN CAMPUS	1.83486	654
KENNESAW JUNIOR COLLEGE	1.66667	120
SOUTH COLLEGE	1.50376	133
SOUTHERN TECHNICAL INSTITUTE	1.49254	134
MACON JUNIOR COLLEGE	1.40845	71
VALDOSTA STATE COLLEGE	1.25392	319
AUGUSTA COLLEGE	1.20482	83
WEST GEORGIA COLLEGE	1.12782	266
FLOYD JUNIOR COLLEGE	1.06383	94
BRENAU COLLEGE	1.05263	95
UNIVERSITY OF GEORGIA	0.97593	1537
GEORGIA COLLEGE	0.96618	207
ABRAHAM BALDWIN AGRICULTURAL COL	0.87719	114
BERRY COLLEGE	0.80000	125
MERCER UNIV MAIN CAMPUS	0.46512	215
GEORGIA SOUTHERN COLLEGE	0.45558	439
ANDREW COLLEGE	0.00000	10
ATLANTA CHRISTIAN COLLEGE	0.00000	4
THOMAS COLLEGE	0.00000	4
BREWTON-PARKER COLLEGE	0.00000	11
BRUNSWICK JUNIOR COLLEGE	0.00000	42
EMORY UNIV OXFORD COLLEGE	0.00000	12
GAINESVILLE JUNIOR COLLEGE	0.00000	25
GEORGIA MILITARY COLLEGE	0.00000	13
GORDON JUNIOR COLLEGE	0.00000	30
MEDICAL COL OF GEORGIA	0.00000	183
MIDDLE GEORGIA COLLEGE	0.00000	57
NORMAN COLLEGE	0.00000	1
PIEDMONT COLLEGE	0.00000	24
REINHARDT COLLEGE	0.00000	11
SHORTER COLLEGE	0.00000	49
SOUTH GEORGIA COLLEGE	0.00000	45
TRUETT MCCONNELL COLLEGE	0.00000	23
WESLEYAN COLLEGE	0.00000	28
WOODROW WILSON COLLEGE OF LAW	0.00000	1
YOUNG HARRIS COLLEGE	0.00000	8
PICKINS AREA VOC TECH SCHOOL	0.00000	13
COOSA VALLEY VOC TECH SCHOOL	0.00000	49
GRADY MEM HOSP SCH OF RAD-TECH	0.00000	2
HAMILTON MEM HOSP SCH OF RAD TECH	0.00000	2
KENNESTONE HOSP SCH OF XRAY TECH	0.00000	1

GEORGIA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MED CTR ST FRANCIS SCH OF RAD TECH	0	2
LANIER AREA VOC TECH SCHOOL	0	13
MOULTRIE AREA VOC TECH SCHOOL	0	58
VALDOSTA AREA VOC TECH SCHOOL	0	28
WALKER COUNTY AREA VOC TECH SCHOOL	0	11
WAYCROSS-WARE CO AREA VOC TECH SCH	0	5
ATHENS AREA VOC TECH SCHOOL	0	22
ALBANY AREA VOC TECH SCHOOL	0	21
UPSON COUNTY AREA VOC TECH SCHOOL	0	8
TROUP COUNTY AREA VOC TECH SCHOOL	0	3
SWAINSBORO AREA VOC TECH SCHOOL	0	28
SOUTH GEORGIA TECH & VOC SCHOOL	0	18
SAVANNAH AREA VOC TECH SCHOOL	0	15
MARIETTA-COBB AREA VOC TECH SCHOOL	0	8
GRIFFIN-SPALDING CO AR VOC TECH SCH	0	8
COLUMBUS AREA VOC TECH SCHOOL	0	28
GEORGIA BAPT HOSP SCH OF NURSING	0	52
CRAWFORD W LONG MEM HOSP SCH OF NUR	0	11
MERCER UNIV IN ATLANTA	0	89
CLAYTON JUNIOR COLLEGE	0	40
BEN HILL-IRWIN AREA VOC TECH SCHOOL	0	10
ECHEVERRIA INST / COSMET ARTS & SCI	0	6
CARROLL COUNTY AREA VOC TECH SCHOOL	0	28
BAINBRIDGE JUNIOR COLLEGE	0	6
GEORGIA BAPT HOSP SCH-ANEST FOR NUR	0	1
CRAWFORD W LONG MEM HOSP SCH RAD-TE	0	1
DALTON VOC SCH OF HEALTH OCCUPATION	0	3
MEADOWS COLLEGE OF BUSINESS	0	15
WAYCROSS JUNIOR COLLEGE	0	5
ATLANTA SCHOOL OF FASHION & DESIGN	0	1
SAVANNAH COLLEGE OF ART & DESIGN	0	51
GEORGIA BAPT MED CTR DIET INTERN PR	0	2
ARNOLD INTERNATIONAL UNIV OF COSMET	0	8
EMMANUEL COL SCH OF CHRISTIAN MIN	0	3
AUGUSTA AREA DIETETIC INTERNSHIP	0	3
MABLE BAILEY FASHION COLLEGE	0	1
MEDICAL COL OF GEORGIA SCH OF MED	0	50
MEDICAL COL OF GEORGIA SCH OF DENT	0	39
MERCER UNIV SOUTHERN COL OF PHARM	0	2
UNIVERSITY OF GEORGIA SCH OF VET MD	0	2
MOREHOUSE COLLEGE SCH OF MEDICINE	0	6

GUAM

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIVERSITY OF GUAM	58.2090	67
INTERNATIONAL BUSINESS COL OF GUAM	16.6667	6

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
HAWAII PACIFIC COLLEGE	55.2511	219
HAWAII BUSINESS COLLEGE	41.6667	36
UNIV OF HAWAII HONOLULU CMTY COL	34.0426	47
UNIV OF HAWAII HILO CAMPUS	33.5260	173
HAWAII INSTITUTE OF HAIR DESIGN	32.6087	46
HAWAII LOA COLLEGE	31.5789	38
UNIV OF HAWAII LEEWARD CMTY COL	30.7692	39
CHAMINADE COLLEGE OF HONOLULU	30.3030	99
UNIV OF HAWAII KAPIOLANI CMTY COL	23.5294	68
MED ASSIST SCHOOL OF HAWAII	21.9512	41
TRENDSETTERS BEAUTY COLLEGE	21.2766	47
BRIGHAM YOUNG UNIV-HAWAII CAMPUS	21.1538	104
TRENDSETTERS BEAUTY COLLEGE	20.0000	20
CANNONS INTERNATL BUSINESS COLLEGE	14.8148	135
UNIV OF HAWAII WINDWARD CMTY COL	14.2857	7
UNIV OF HAWAII MAUI CMTY COL	13.3333	15
UNIV OF HAWAII MAIN CAMPUS	11.3680	519
UNIV OF HAWAII KAUAI CMTY COL	0.0000	6
HOLLYWOOD BEAUTY COLLEGE	0.0000	13
WEST OAHU COLLEGE-UNIV OF HAWAII	0.0000	7
UNIV OF HAWAII MANOA SCH OF MED	0.0000	3

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF OSTEOPATHIC MED & HLTH SCI	100.000	1
BERNEL COLL OF COSM & APPL SCIENCE	60.000	10
YOUNG COSMETOLOGY COLLEGE	59.091	66
AMERICANA BEAUTY ACADEMY	56.579	76
YOUNG SCHOOL OF BEAUTY OF WATERLOO	54.545	44
MS FRANCIS COLLEGE OF COSMETOLOGY	50.000	6
SALVADOR BEAUTY COLLEGE	44.828	29
CLINTON COMMUNITY COLLEGE	44.538	119
KEOKUK COSMETOLOGY SCHOOL	43.750	32
SIOUX EMPIRE COLLEGE	38.889	18
IOWA WESTERN CMTY COL CLARIND CAMP	37.705	61
LA JAMES COLLEGE OF HAIRSTYLING	37.500	16
SIOUX CITY BARBER COLLEGE	36.364	11
INDIAN HILLS COMMUNITY COLLEGE	34.286	70
STHESTRN IOWA AREA CMTY COL NORTH	33.333	105
IOWA SCH OF BARBERING & HAIRSTYLING	33.333	18
LINCOLN TECHNICAL INSTITUTE	32.759	232
LA'JAMES COLLEGE OF HAIRSTYLING	32.692	52
BUSINESS INSTITUTE OF TECHNOLOGY	30.189	53
WESTERN IOWA TECH	29.534	386
NATL EDUCATION CENTER-NATL INST TEC	29.000	100
HAMILTON BUSINESS COLLEGE	28.502	414
ELLSWORTH COMMUNITY COLLEGE	27.966	118
STEWART SCHOOL OF HAIRSTYLING	27.869	61
EASTERN IOWA CMTY COL SCOTT CAMPUS	26.070	257
STEWART SCHOOL OF HAIRSTYLING	26.042	96
STEWART HAIRSTYLING TRAINING CENTER	26.000	50
MARSHALLTOWN CMTY COLLEGE	25.234	107
OPEN BIBLE COLLEGE	25.000	8
DES MOINES AREA CMTY COL CTRL OFF	24.949	493
STHESTRN IOWA AREA CMTY COL SOUTH	24.138	29
NORTH IOWA AREA COMMUNITY COLLEGE	22.535	213
AMERICAN INSTITUTE OF COMMERCE	21.978	273
HAWKEYE INSTITUTE OF TECHNOLOGY	21.739	437
BRIAR CLIFF COLLEGE	21.277	141
GRAND VIEW COLLEGE	21.088	147
IOWA WESTERN CMTY COL CTRL OFFICE	20.513	351
SOUTHWESTERN CMTY COLLEGE	20.000	105
UNIVERSITY OF DUBUQUE THEOLOG.SEM	20.000	10
INDIAN HILLS CMTY COL IOWA TECH	19.742	233
IOWA CENTRAL CMTY COL FT DODGE CAM	19.725	218
MAHARISHI INTERNATIONAL UNIV	18.898	127
KIRKWOOD COMMUNITY COLLEGE	18.784	740
IOWA WESLEYAN COLLEGE	18.605	86
MORNINGSIDE COLLEGE	18.452	168
BERNEL COLLEGE OF COSMETOLOGY	18.182	11
MUSCATINE COMMUNITY COLLEGE	18.000	50
CEDAR RAPIDS SCHOOL OF HAIRSTYLING	16.667	18
PROFESSIONAL COSMETOLOGY INSTITUTE	16.000	25
SPENCER SCHOOL OF BUSINESS	15.942	207
NORTHWEST IOWA TECHNICAL COLLEGE	15.574	122
WALDORF COLLEGE	15.385	52

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ALLEN MEM HOSP SCH OF NURSING	3.33333	30
UNIV OF OSTEOPATHIC MED & HLTH SCI	3.06122	98
AQUINAS INSTITUTE SCH OF THEOLOGY	0.00000	1
DIVINE WORD COLLEGE	0.00000	4
IOWA STATE UNIV IA STATE TECH INST	0.00000	2
IOWA CENTRAL CMTY COL WEBSTER CITY	0.00000	12
EASTERN IOWA CMTY COL CENTRL OFF	0.00000	1
ALLEN MEM HOSP SCH OF RAD-TECH	0.00000	2
FINLEY HOSP SCH OF XRAY TECH	0.00000	3
IOWA METHODIST MED CTR SCH RAD TECH	0.00000	5
MERCY HOSP SCH OF RAD TECH	0.00000	1
SCHOTIZ MEM HOSP SCH OF XRAY TECH	0.00000	1
ST JOSEPH HOSP SCH OF RAD-TECH	0.00000	1
ST LUKES METH HOSP SCH OF XRAY TECH	0.00000	3
MARIAN HEALTH CTR SCH OF RAD TECH	0.00000	2
MARSHALLTOWN CMTY COL CENTRAL OFF	0.00000	1
IOWA TECHNICAL INSTITUTE	0.00000	5
FINLEY HOSP SCH OF NURSING	0.00000	7
MERCY HOSP SCH OF NURSING	0.00000	16
ST LUKES METH HOSP SCH OF MED-TECH	0.00000	2
JENNIE EDMUNDSON MEM HOSP SCH RAD-T	0.00000	1
IOWA LUTH HOSP SCH OF RAD-TECH	0.00000	1
MERCY HOSP SCH OF MED-TECH	0.00000	5
ALLEN MEM HOSP SCH OF MED-TECH	0.00000	1
ST LUKES MED CTR SCH OF MED-TECH	0.00000	1
IOWA METHODIST MED CTR SCH MED TECH	0.00000	1
MERCY HOSP SCH OF MED TECH	0.00000	1
ST FRANCIS HOSP SCH OF RAD TECH	0.00000	1
MENTAL HLTH INST/ALCOHOL-DRUG ABUSE	0.00000	5
HAIR TECH LTD, SCH OF COSMETOLOGY	0.00000	12
FAUST INSTITUTE OF COSMETOLOGY	0.00000	4
UNIV OF IOWA COL OF MED	0.00000	57
UNIV OF IOWA COL OF DENTISTRY	0.00000	49
DRAKE UNIV-COLL OF PHARMACY	0.00000	19
IOWA ST UNIV-COLLEGE OF VET MEDICIN	0.00000	4

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LA JAMES COL OF HAIRSTYLING INC	15.3846	26
IOWA SCHOOL OF BEAUTY	15.0000	60
MOUNT MERCY COLLEGE	14.5985	137
ART TECHNICAL COLLEGE	14.5729	199
IOWA LAKES CMTY COL SOUTH CAMPUS	14.3678	174
WILLIAM PENN COLLEGE	14.2857	56
MOUNT ST CLARE COLLEGE	13.9535	43
CAPRI COSMETOLOGY COLLEGE	13.0435	69
NORTHEAST IOWA VOC TECH SCHOOL	12.7451	204
LA'JAMES COLLEGE OF HAIRSTYLING	12.5000	48
WESTMAR COLLEGE	12.1951	82
DRAKE UNIVERSITY	12.0718	613
AMERICAN INSTITUTE OF BUSINESS	11.9403	201
WARTBURG COLLEGE	11.6883	154
UNIVERSITY OF DUBUQUE MAIN CAMPUS	11.4754	122
UPPER IOWA UNIVERSITY	11.4754	61
UNIVERSITY OF NORTHERN IOWA	11.4551	1292
GRACELAND COLLEGE	11.3300	203
CAPRI COSMETOLOGY COLLEGE	11.2360	89
CAPRI COSMETOLOGY COLLEGE	10.2041	49
MARYCREST COLLEGE	10.1695	118
JENNIE EDMUNDSON MEM HOSP SCH NURSE	10.0000	10
FAITH BAPTIST BIBLE COLLEGE	9.5238	42
UNIVERSITY OF IOWA	9.2703	2686
IOWA LAKES CMTY COL NORTH CAMPUS	9.0909	11
MARSHALLTOWN CMTY SCH OF NURSING	9.0909	11
ST LUKES METH HOSP SCH OF NURSING	9.0909	11
WATERLOO SCH OF MENS HAIR STYLING	9.0909	22
PROFESSIONAL ACAD OF SCI & BTY LTD	9.0909	11
BUENA VISTA COLLEGE	8.2353	255
ST AMBROSE COLLEGE	8.1218	197
COE COLLEGE	8.0645	124
ST JOSEPH MERCY HOSP SCH-NURSING	7.8431	51
PALMER COLLEGE OF CHIROPRACTIC	7.1429	406
LA JAMES COL OF HAIRSTYLING INC	6.8966	29
NORTHWESTERN COLLEGE	6.7308	104
SIMPSON COLLEGE	6.6116	121
IOWA STATE UNIV OF SCIENCE & TECH	6.4220	2398
GRINNELL COLLEGE	6.3063	111
INSTITUTE OF COSMETOLOGY ARTS	5.8824	17
WARTBURG THEOLOGICAL SEMINARY	5.5556	18
DORDT COLLEGE	5.3097	113
VENNARD COLLEGE	5.2632	19
LA JAMES COLLEGE OF HAIRSTYLING	5.0000	20
CORNELL COLLEGE	4.6729	107
CLARKE COLLEGE	4.4944	89
LORAS COLLEGE	4.1667	192
UNIV OF IOWA-COLL OF PHARMACY	3.7037	27
LUTHER COLLEGE	3.5971	278
IOWA METHODIST HOSP SCH OF NURSING	3.5714	28
ST LUKES SCHOOL OF NURSING	3.4483	29
CENTRAL UNIVERSITY OF IOWA	3.3333	150

IDAHO

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NORTH IDAHO JUNIOR COLLEGE	41.8182	55
COLLEGE OF IDAHO	28.5714	21
LEWIS-CLARK STATE COLLEGE	25.2632	95
ITT TECHNICAL INSTITUTE	24.6988	166
COLLEGE OF SOUTHERN IDAHO	22.7273	22
EASTERN IDAHO VOC TECH SCHOOL	20.0000	5
IDAHO STATE UNIV	19.7531	81
BOISE STATE UNIVERSITY	17.4603	63
CAREER BEAUTY COLLEGE	16.6667	6
RICKS COLLEGE	11.3043	230
UNIVERSITY OF IDAHO	9.6774	217
NORTHWEST NAZARENE COLLEGE	8.0000	75
AERO TECHNICIANS	0.0000	1
AMERICAN INSTITUTE OF MED-DENT TECH	0.0000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GRANT HOSP SCH FOR MED REC LIBR	100.000	1
SAWYER SCHOOL	100.000	1
DEBBIE'S SCHOOL OF BEAUTY CULTURE	100.000	6
SAWYER SCHOOLS INC	100.000	1
COSMETOLOGY TRAINING CENTER	100.000	3
HINSDALE HOSP. SCH. OF MEDICAL TECH	100.000	1
FRANCISCAN MEDICAL CTR SCH -RAD TEC	100.000	1
ADVANCE SCHOOLS INC	100.000	1
AUSTIN SCHOOL OF BEAUTY CULTURE	100.000	1
LUTH GEN HOSP DIETETIC INTERN PROG	63.636	22
DEBBIE'S SCHOOL OF BEAUTY CULTURE	50.820	61
ST JOSEPH HOSP SCH OF RAD TECH	50.000	2
COIFFURE SCH/COSMETOLOGY ARTS& SCI	50.000	2
CHICAGO SCH OF AUTO TRANSMISSIONS	46.667	15
LINCOLN TECHNICAL INSTITUTE	44.064	935
MSTA BUSINESS COLLEGE	38.889	18
WILFRED ACAD OF HAIR & BEAUTY CULT	38.462	39
JACKSONVILLE BUS & CAREERS INST	33.884	121
FLAMINGO BEAUTY COLLEGE	33.333	3
TRAINCO BUSINESS SCHOOL	33.333	30
KENDALL COLLEGE	30.000	40
WILFRED ACAD OF HAIR & BEAUTY CULT	27.778	36
CENTRAL YMCA COMMUNITY COLLEGE	25.000	4
SHIMER COLLEGE	25.000	12
ILLINOIS SCHOOL OF COMMERCE	20.000	30
TAYLOR BUSINESS INSTITUTE	18.103	116
TREND BEAUTY COLLEGE	16.667	6
WILFRED ACAD OF HAIR & BEAUTY CULT	16.667	78
JOLIET SCHOOL OF BEAUTY CULTURE	15.789	38
CATHRINE COLLEGE	14.198	320
NATL EDUCATION CENTER-BRYMAN CAMPUS	14.035	57
DEVRY INST OF TECH RESIDENT SCHOOL	13.793	1856
QUINCY TECHNICAL SCHOOLS (THE)	12.500	40
EVANSTON HOSP SCH OF NURSING	11.111	9
BRYANT & STRATTON COLLEGE	11.111	9
CITY COL OF CHGO-LOOP	10.526	57
ITT TECHNICAL INSTITUTE	10.345	116
GARRETT-EVANGELICAL THEOLOGICAL SEM	10.000	20
WORSHAM COLLEGE OF MORTUARY SCIENCE	10.000	30
FOREST INST OF PROF PSYCHOLOGY	10.000	10
ROBERT MORRIS COLLEGE	9.541	566
NATL COL OF EDUCATION	9.038	343
GEM CITY COLLEGE SCH OF HOROLOGY	8.696	46
LA-TEE'S BEAUTY SCHOOL	8.333	24
RAY-VOGUE COLLEGE OF DESIGN	8.140	86
STATE CMTY COLLEGE OF EAST ST LOUIS	7.843	51
LINCOLN COLLEGE	7.692	52
LUTH SCH OF THEO	7.692	26
CHICAGO COLLEGE OF COMMERCE	7.692	39
AMERICAN CONSERVATORY OF MUSIC	7.143	14
CENTRAL ILLINOIS BARBER & BTY COL	7.143	14
BLACK HAWK COL AT KEWENEE-EAST CAMP	6.667	60

ILLINOIS (Cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ILLINOIS MEDICAL TRAINING CENTERS	5.88235	17
CONTROL DATA INSTITUTE	5.76923	104
SCHOOL OF THE ART INST OF CHICAGO	5.60000	125
JOHN AMICO'S SCHOOL OF HAIR DESIGN	5.26316	19
BARAT COLLEGE	5.17241	58
STEPHENS INSTITUTE OF HAIR DESIGN	4.76190	21
CHICAGO STATE UNIVERSITY	4.69799	149
SHAWNEE COLLEGE	4.68750	64
UNIV OF CHGO PRITZKER SCH OF MED	4.54545	22
GREENVILLE COLLEGE	4.34783	92
MACCORMAC COLLEGE	4.34783	46
TREND BEAUTY COLLEG	4.16667	24
NORTHEASTERN ILLINOIS UNIVERSITY	4.11765	170
OLIVET NAZARENE COLLEGE	4.11523	243
COLUMBIA COLLEGE	4.03727	322
MONMOUTH COLLEGE	4.00000	100
GEORGE WILLIAMS COLLEGE	3.88350	103
QUINCY COLLEGE	3.62319	138
MCHENRY COUNTY COLLEGE	3.33333	30
ARLINGTON ACAD OF BEAUTY CULTURE	3.22581	31
MCKENDREE COLLEGE	3.17460	63
TRINITY CHRISTIAN COLLEGE	3.17460	63
JOLIET JUNIOR COLLEGE	3.09278	97
UNIV OF CHICAGO	3.01676	895
THORNTON COMMUNITY COLLEGE	2.98507	67
GOVERNORS STATE UNIVERSITY	2.98507	67
SOUTHERN ILL UNIV EDWARDSVILLE CAMP	2.96496	742
ROOSEVELT UNIVERSITY	2.91777	377
COLLEGE OF LAKE COUNTY	2.91262	103
INTERNATL ACAD OF MERCHAND & DESIGN	2.85714	70
PRINCIPIA COLLEGE	2.81690	71
ALBERTUS INSTITUTE OF COSMETOLOGY	2.77778	36
AUGUSTANA COLLEGE	2.74390	328
SANGAMON STATE UNIVERSITY	2.70270	185
BLOOMINGTON ACADEMY OF BEAUTY CULT	2.70270	37
NATIONAL COLLEGE OF CHIROPRACTIC	2.67380	187
SAUK VALLEY COLLEGE	2.65487	113
CARL SANDBURG COLLEGE	2.63158	152
ROCKFORD BUSINESS COLLEGE	2.63158	38
NORTH PARK COLLEGE	2.60870	115
ILLINOIS CENTRAL COLLEGE	2.59259	270
UNIV OF HEALTH SCI-CHICAGO MED SCH	2.56410	78
CITY COL OF CHGO-HARRY TRUMAN COL	2.43902	41
ILLINOIS EASTERN JC-WABASH VALLEY	2.38095	42
MORRAINE VALLEY COMMUNITY COLLEGE	2.35294	85
COLLEGE OF DUPAGE	2.33918	171
JUDSON COLLEGE	2.22222	45
EAST-WEST UNIVERSITY	2.22222	45
PARKLAND COLLEGE	2.21239	452
PARKS COLLEGE OF ST LOUIS UNIVERSIT	2.15054	186
BELLEVILLE AREA COLLEGE	2.12121	330
CITY COL OF CHGO-KENNEDY-KING	2.10526	95

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
JOHN A LOGAN COLLEGE	2.10526	95
CHICAGO COL OF OSTEOPATHIC MED	2.08333	48
LINCOLN CHRISTIAN COLLEGE	2.08333	48
CITY COL OF CHGO-MALCOM X	2.00000	50
ILLINOIS INSTITUTE OF TECHNOLOGY	2.00000	500
JOHN MARSHALL LAW SCHOOL	1.99005	201
LOYOLA UNIVERSITY	1.97216	862
SOUTHERN ILL UNIV MAIN CAMPUS	1.94721	2311
OAKTON COMMUNITY COLLEGE	1.92308	52
JOHN AMICO'S SCHOOL OF HAIR DESIGN	1.88679	53
SOUTHEASTERN ILLINOIS COLLEGE	1.81818	55
DEPAUL UNIVERSITY	1.75659	797
NORTH CENTRAL COLLEGE	1.75439	114
ROCK VALLEY COLLEGE	1.70455	176
BLACKBURN COLLEGE	1.69492	59
ELGIN COMMUNITY COLLEGE	1.69492	59
HIGHLAND COMMUNITY COLLEGE	1.66667	60
UNIV OF ILL CHICAGO CIRCLE CAMPUS	1.66468	841
AURORA UNIVERSITY	1.61290	124
ROCKFORD COLLEGE	1.61290	124
KISHWAUKEE COLLEGE	1.61290	124
NORTHWESTERN UNIVERSITY CHGO CAMPUS	1.59363	251
ILLINOIS EASTERN JC-OLNEY CENTRAL	1.56250	64
WHEATON COLLEGE	1.52672	262
EUREKA COLLEGE	1.49254	67
BRADLEY UNIVERSITY	1.47783	609
KELLER GRADUATE SCHOOL OF MGMT.	1.40845	71
NORTHWESTERN BUSINESS COLLEGE	1.38889	72
BLACK HAWK COL MAIN CAMP QUAD CIT	1.36986	219
COLLEGE OF ST FRANCIS	1.26582	79
WESTERN ILLINOIS UNIVERSITY	1.13269	1236
LAKE FOREST COLLEGE	1.12360	89
WILLIAM RAINEY HARPER COLLEGE	1.12360	89
JOHN WOOD COMMUNITY COLLEGE	1.11732	179
RICHLAND COMMUNITY COLLEGE	1.09890	91
LEWIS & CLARK COMMUNITY COLLEGE	1.08303	277
WILLIAM SCHOLL COL OF PODIATRIC MED	1.06383	94
NORTHWESTERN UNIVERSITY	1.04287	863
ROSARY COLLEGE	0.97087	103
PIVOT POINT BEAUTY SCHOOL	0.96154	104
LEWIS UNIVERSITY	0.92593	216
SPOON RIVER COLLEGE	0.90909	110
TRITON COLLEGE	0.90498	221
UNIV OF ILL URBANA CAMPUS	0.89700	3233
NORTHERN ILLINOIS UNIVERSITY	0.88583	2032
ST XAVIER COLLEGE	0.84746	118
COLLEGE OF AUTOMATION	0.81301	123
EASTERN ILLINOIS UNIVERSITY	0.73665	1086
ILLINOIS STATE UNIVERSITY	0.73222	1912
DANVILLE JUNIOR COLLEGE	0.69686	287
LAKE LAND COLLEGE	0.64516	155
MILLIKIN UNIVERSITY	0.48309	207

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ELMHURST COLLEGE	0.380228	263
AMERICAN ACADEMY OF ART	0.000000	66
BETHANY THEOLOGICAL SEMINARY	0.000000	5
PRAIRIE STATE COLLEGE	0.000000	45
RICHARD J DALEY COLLEGE	0.000000	2
CITY COL OF CHGO-WRIGHT	0.000000	13
CHICAGO THEOLOGICAL SEMINARY	0.000000	8
SPERTUS COLLEGE OF JUDAICA	0.000000	6
CONCORDIA TEACHERS COLLEGE	0.000000	101
HEBREW THEOLOGICAL COLLEGE	0.000000	4
ILLINOIS COLLEGE	0.000000	116
ILLINOIS COLLEGE OF OPTOMETRY	0.000000	133
ILLINOIS WESLEYAN UNIVERSITY	0.000000	206
KASKASKIA COLLEGE	0.000000	142
KNOX COLLEGE	0.000000	82
ILLINOIS VALLEY CMTY COLLEGE	0.000000	88
LUTH SCH OF THEO ROCK ISLAND CAMPUS	0.000000	3
MACMURRAY COLLEGE	0.000000	79
MALLINCKRODT COLLEGE	0.000000	5
MCCORMICK THEOLOGICAL SEMINARY	0.000000	13
MEADVILLE THEOL SCH OF LOMBARD COL	0.000000	3
MOODY BIBLE INSTITUTE	0.000000	1
MORTON COLLEGE	0.000000	29
MUNDELEIN COLLEGE	0.000000	85
NORTHERN BAPTIST THEOL SEMINARY	0.000000	11
NATL COL OF EDUCATION URBAN CAMPUS	0.000000	6
SEABURY-WESTERN THEOL SEMINARY	0.000000	14
SHERWOOD CONSERVATORY OF MUSIC	0.000000	2
SPRINGFIELD COLLEGE IN ILLINOIS	0.000000	15
ST MARY OF THE LAKE SEMINARY	0.000000	10
NILES COLLEGE	0.000000	10
ILLINOIS BENEDICTINE COLLEGE	0.000000	134
TRINITY COLLEGE	0.000000	73
UNIV OF ILL SPRINGFIELD CAMPUS	0.000000	8
VANDERCOOK COLLEGE OF MUSIC	0.000000	17
RAVENSWOOD HOSP SCH OF NURSING	0.000000	17
UNIV OF ILL MEDICAL CTR CHICAGO	0.000000	426
BLESSING HOSP SCH OF RAD TECH	0.000000	1
DECATUR MEMORIAL HOSP SCH OF RAD TE	0.000000	1
UNIV OF ILL INSTITUTE OF AVIATION	0.000000	2
MEMORIAL HOSP SCH OF XRAY TECH	0.000000	7
MICHAEL REESE HOS MED CTR SCH CYTO	0.000000	2
SOUTH CHICAGO CMTY HOSP SCH RAD-TEC	0.000000	8
ST ANNES HOSP SCH OF RADIOLOGY	0.000000	2
ST FRANCIS HOSP SCH OF RAD-TECH	0.000000	1
ST FRANCIS HOSP SCH OF RAD-TECH	0.000000	2
ST MARY HOSP SCH OF XRAY TECH	0.000000	1
SOUTHERN ILL UNIV VOC TECH INST	0.000000	1
SOUTHERN ILL UNIV E ST LOUIS CAM	0.000000	1
METROPOLITAN BUSINESS COLLEGE	0.000000	7
MIDSTATE COLLEGE	0.000000	127
SPARKS COLLEGE	0.000000	32

ILLINOIS (cont'd) -53-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DECATUR AREA VOCATIONAL CENTER	0	29
AUGUSTANA HOSP & HCC- SCH OF NUR	0	15
BLESSING HOSP SCH OF NURSING	0	13
COPLEY MEM HOSP SCH OF NURSING	0	1
ILLINOIS MASONIC HOSP SCH OF NURS	0	12
LITTLE CO OF MARY HOSP SCH OF NURSE	0	12
LUTH HOSP SCH OF NURSING	0	22
METH HOSP OF CENT ILL SCH OF NURS	0	31
MICHAEL REESE HOS MED CTR SCH NURS	0	1
MOLINE PUB HOSP SCH OF NURSING	0	10
PASSAVANT MEM AREA HOSP SCH NURSING	0	1
ST ANNES HOSP SCH OF NURSING	0	18
ST FRANCIS HOSP SCH OF NURSING	0	22
ST FRANCIS HOSP SCH OF NURSING	0	31
ST JOHNS HOSP SCH OF NURSING	0	34
ST JOSEPHS HOSP SCH OF NURSING	0	25
ST MARY OF NAZARETH HOSP SCH NURSE	0	22
SOUTH CHICAGO CMTY HOSP SCH NURSING	0	8
WEST SUBURBAN COLLEGE OF NURSING	0	1
WAUBONSEE COMMUNITY COLLEGE	0	62
EVANGELICAL SCH OF NURSING	0	11
REND LAKE COLLEGE	0	71
LINCOLN LAND COMMUNITY COLLEGE	0	189
ST JOHNS HOSP SCH OF MED-TECH	0	3
COYNE AMERICAN INSTITUTE	0	50
IPPOLITO SCHOOL OF COSMETOLOGY	0	68
SELANS SYSTEM OF BEAUTY CULTURE	0	3
SELANS SYSTEM OF BEAUTY CULTURE	0	2
SELANS SYSTEM OF BEAUTY CULTURE	0	1
SELANS SYSTEM OF BEAUTY CULTURE	0	6
KANKAKEE COMMUNITY COLLEGE	0	67
MR ROBERT'S ACADEMY/BEAUTY CULTURE	0	5
UNIV OF ILL CENTRAL OFFICE	0	2
CHRYSLER ACADEMY OF BEAUTY CULTURE	0	9
RICHLAND ACADEMY OF BEAUTY CULTURE	0	9
MENNONITE COLLEGE OF NURSING	0	19
ALVAREITA'S COLLEGE OF COSMETOLOGY	0	5
STERLING COSMETOLOGY SCHOOL	0	13
CITY COL OF CHGO -CITY WIDE CAMPUS	0	8
MORRISON INSTITUTE OF TECHNOLOGY	0	51
AREA VOC CENTER AT ROCKFORD	0	13
GRAHAM HOSP SCH OF NURSING	0	9
DOROTHY CHRYSLER SCH OF BEAUTY CULT	0	9
ELECTRONICS TECH INST OF ILL INC	0	38
LOYOLA UNIVERSITY STRICH SCH OF MED	0	82
CATHOLIC THEOLOGICAL UNION	0	4
CITY COL OF CHGO-FENGER STHEAST CAM	0	15
LA SALLE SCHOOL OF BEAUTY CULTURE	0	15
MR JOHN'S SCHOOL OF COSMETOLOGY	0	19
CANNELLA SCHOOL OF HAIR DESIGN	0	10
IPPOLITO BEAUTY ACADEMY	0	15
SOUTHERN ILL UNIV SCH OF MEDICINE	0	42

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LAKE VICTORIA BEAUTY SCHOOL	0	39
FLAMINGO BEAUTY COLLEGE	0	6
FLAMINGO BEAUTY COLLEGE	0	5
FLAMINGO BEAUTY COLLEGE	0	16
VOGUE ACADEMY OF BEAUTY CULTURE INC	0	5
CITY COL OF CHGO-OLIVE-HARVEY	0	25
ILLINOIS EASTERN JC-LINCOLN TRAIL	0	74
RUSH UNIVERSITY	0	162
LOYOLA UNIVERSITY SCH OF DENTISTRY	0	11
MOLINE BEAUTY SCHOOL	0	5
ST ANTHONY HOSP SCH OF NURSING	0	17
LAKEVIEW MED CTR SCH OF NURSING	0	33
LUTH GEN & DEAC HOSP SCH OF NURSING	0	24
TRI-COUNTY BEAUTY ACADEMY	0	22
CAPITAL AREA VOCATIONAL CENTER	0	21
RAVENSWOOD HOSP MED CTR SCH ANES	0	4
MIDWEST COLLEGE OF ENGINEERING	0	6
SAWYER SECRETARIAL SCHOOLS (THE)	0	14
LUTH HOSP SCH FOR RESP THERAPISTS	0	2
LUTH GEN HOSP SCH OF MED-TECH	0	1
METH MED CTR OF IL, SCH OF MED TECH	0	1
FLAMINGO BEAUTY COLLEGE	0	4
ACADEMY OF BEAUTY CULTURE	0	3
GRANITE CITY SCHOOL OF BEAUTY	0	3
MR ROBERTS SCHOOL OF BEAUTY CULTURE	0	2
MR ROBERTS SCH OF BEAUTY CULTURE	0	4
TRINITY EVANGELICAL DIVINITY SCHOOL	0	46
IBA COLLEGE OF COSMETOLOGY	0	5
BLOOMINGTON-NORMAL SCH OF RAD TECH	0	3
DU QUOIN BEAUTY COLLEGE	0	12
CAPRI SCHOOL OF BEAUTY CULTURE	0	2
CAPRI-GARFIELD RIDGE SCH OF BTY CUL	0	9
CAPRI OAK FOREST COL OF BTY CULTURE	0	11
INTERNATIONAL BEAUTY ACADEMY	0	13
CONTINENTALE BEAUTY SCHOOL	0	1
MID-AMERICAN SCH OF BEAUTY CULTURE	0	1
SUNNY HILL BEAUTY SCHOOL	0	6
RIVIERA SCHOOL OF BEAUTY CULTURE	0	1
HI FASHION BEAUTY COLLEGE	0	1
HARRINGTON INST OF INTERIOR DESIGN	0	23
SAINT JOHN'S HOSPITAL	0	4
ALFRED ADLER INSTITUTE	0	1
FRONTIER COMMUNITY COLLEGE	0	16
SWEDISH AMER HOSP SCH OF MED TECH	0	1
JOLIET TOWNSHIP HI SCH OF PRC NURSG	0	16
FLAMINGO BEAUTY COLLEGE	0	17
DON ROBERTS BEAUTY SCHOOL	0	1
TOM NOLAN'S CHRYSLER ACADEMY SCHOOL	0	43
SWEDISH AMERCIAN HOS.SCH.RAD/TECH	0	2
METROPOLITAN GROUP/HOS SCH RES THER	0	4
BECK AREA VOCATIONAL CENTER	0	14
SCH MEDICAL LABORATORY TECHNICIAN-C	0	1

ILLINOIS (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DU PAGE HORTICULTURAL SCHOOL	0	5
UNDERGRADUTE SCHOOL OF COSMETOLOGY	0	23
HENROTIN HOSPITAL SCH OF RAD TECH	0	2
INSTITUTE OF COIFFURES	0	10
IPPOLITO ROCKFORD BEAUTY ACADEMY	0	10
ST JOHNS HOSP SCH OF HISTOLOGIC	0	1
DOREE SCHOOL OF BEAUTY CULTURE	0	8
AMERICAN INST OF OCCUPATIONAL TRADE	0	4
DON ROBERTS BEAUTY SCHOOL	0	24
CHICAGO SCHOOL OF PROF PSYCHOLOGY	0	14
USAF SCH OF APPLIED AEROSPACE SCI	0	1
SCHARFENBERG BEAUTY ACADEMY	0	9
BENTON'S SCHOOL OF COSMETOLOGY	0	22
MOLINE PUB HOSP SCH OF SURG TECH	0	2
ILLINOIS SCH OF PROFESSIONAL PSYCH	0	16
MARION ADULT ED & CAREER TRNG CTR	0	45
MR JOHN'S SCHOOL OF COSMETOLOGY	0	43
ST JOSEPH HOSP SCH OF MED TECH	0	1
UNIVERSE BEAUTY SCHOOL	0	1
CANNELLA SCHOOL OF HAIR DESIGN	0	6
FIRST BUSINESS SCHOOLS	0	22
ST FRANCIS HOSP-MED CTR SCH OF MED	0	2
MOLER HAIRSTYLING COLLEGE	0	56
CANNELLA SCHOOL OF HAIR DESIGN	0	1
CORTEZ W PETERS BUSINESS COLLEGE	0	2
ST JOHNS HOSP SCH OF DIETETICS	0	3
MACDANIEL'S BEAUTY SCHOOL	0	1
HINES JR VA HOSP SCH OF NUCLEAR MED	0	1
AMERICAN COLLEGE OF TECHNOLOGY	0	1
D'OR SCHOOL OF COSMETOLOGY	0	3
HAIR PROFESSIONALS ACAD OF COSMETOL	0	7
HAIR PROFESSIONALS SCHOOL OF COSMET	0	4
ALTAMOPE SCHOOL OF COSMETOLOGY, INC	0	2
UNIV OF HEALTH SCI-CHICAGO MED SCH	0	17
LOYOLA UNIV MED CTR/STRITCH SCH-MED	0	2
NORTHWESTERN UNIV/MEDICAL SCHOOL	0	4
UNIV OF CHICAGO PRITZKER SCH OF MED	0	5
LOYOLA UNIV MED CTR SCH OF DENT	0	91
NORTHWESTERN UNIV DENTAL SCHOOL	0	5
WILLIAM SCHOLL COL OF PODIATRIC MED	0	1
UNIV OF ILL SCH OF PUBLIC HEALTH	0	1

INDIANA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
INDIANA UNIV EAST	100.000	1
INDIANA UNIV PURDUE UNIV AT INDPLS	100.000	1
JOHN AMICO SCHOOL OF HAIR DESIGN	100.000	6
DON ROBERTS SCHOOL OF HAIR DESIGN	100.000	1
ODESSA'S COLLEGE OF BEAUTY CULTURE	100.000	6
PURDUE UNIV-SCHOOL OF PHARMACY	100.000	1
LOWELL BEAUTY COLLEGE	83.333	6
IN VOC TEC COL NORTHWEST TEC INST	77.922	77
NATIONAL BARBER SCHOOL	75.000	4
INDIANA STATE BEAUTY COLLEGE	75.000	4
SAWYER COLLEGE OF BUSINESS	75.000	56
DON ROBERTS HAIR DESIGNING ACADEMY	73.333	15
IN VOC TEC COL MALLORY TEC INST	72.222	108
MICHAEL'S INDIANAPOLIS BTY COLLEGE	66.667	3
CLARK COLLEGE	57.143	112
CREATIVE BEAUTY ACADEMY	57.143	7
ANCILLA DOMINI COLLEGE	55.556	9
MARTIN CENTER COLLEGE	55.556	9
CLARK'S BEAUTY ACADEMY	50.000	2
IN VOC TEC COL	43.750	16
TRANSPORT CAREERS-HOME STUDY	40.789	76
HOLY CROSS JUNIOR COLLEGE	40.000	5
NEW TREND BEAUTY SCHOOL INC.	40.000	5
INDIANA UNIV NORTHWEST CAMPUS	38.158	76
IN VOC TEC COL	37.500	88
ST MEINRAD SCHOOL OF THEOLOGY	33.333	3
IN VOC TEC COL NORTH CTRAL TEC INST	33.333	12
NORTHERN INDIANA SCH OF RAD-TECH	33.333	3
ACADEMY OF HAIR DESIGN	33.333	6
LINCOLN TECHNICAL INSTITUTE	32.212	773
IN VOC TEC COL WHITE RIVER V TEC IN	31.481	108
INDIANA INSTITUTE OF TECHNOLOGY	29.545	44
APEX SCHOOL OF BEAUTY CULTURE INC	29.412	17
CALUMET COLLEGE	28.571	28
IN VOC TEC COL	26.316	19
CHRISTIAN THEOLOGICAL SEMINARY	25.000	12
ST MEINRAD COLLEGE	25.000	4
FOUR WINDS ACADEMY OF HAIR DESIGN	25.000	4
ANDERSON AREA VOCA-TECH SCHOOL	25.000	8
NORTH MAIN BEAUTY ACADEMY	25.000	8
PURDUE UNIV CALUMET CAMPUS	23.729	118
PURDUE UNIV NORTH CENTRAL CAMPUS	23.529	34
IN VOC TEC COL	23.404	47
IN VOC TEC COL NORTHEAST TEC INST	21.429	70
ARISTOTLE COL OF MED & DENT TECH	21.429	56
MARIAN COLLEGE OF INDIANAPOLIS	20.000	60
ST JOSEPHS HOSP SCH OF NURSING	20.000	5
PARKVIEW-METHODIST SCH OF NURSING	20.000	10
NORTHWOOD INSTITUTE	20.000	5
WRIGHT BEAUTY SCHOOL	20.000	10
DON ROBERTS BEAUTY SCHOOL	20.000	5
TRI-STATE BEAUTY SCHOOL	19.048	21

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
INDIANA UNIV SOUTHEAST CAMPUS	18.1818	77
VINCENNES BEAUTY COLLEGE INC	16.6667	6
COMMONWEALTH BUSINESS COLLEGE	16.6667	6
ITT BUSINESS INSTITUTE	16.3265	98
VINCENNES UNIVERSITY	16.1074	298
LAFAYETTE BEAUTY ACADEMY	15.3846	13
MARION COLLEGE OF MARION	14.6497	157
FRANKLIN COLLEGE	14.6341	41
IN VOC TEC COL LINCOLNLAND TEC INST	14.4231	104
OAKLAND CITY COLLEGE	14.1732	127
ITT TECHNICAL INSTITUTE	13.8386	607
INDIANA UNIV AT INDIANAPOLIS	13.0137	438
INDIANA BARBER COLLEGE	12.5000	8
ITT TECHNICAL INSTITUTE	12.3077	195
ANDERSON COLLEGE	12.0482	249
MICHIANA COLLEGE OF COMMERCE INC	11.7647	17
MID-AMERICA COLLEGE OF FUNERAL SERV	11.7647	17
RAVENSCROFT BEAUTY COLLEGE	11.1111	9
BALL STATE UNIVERSITY	10.6443	1071
PROFESSIONAL CAREERS INSTITUTE	9.4828	116
LOCKYEAR COLLEGE OF BUSINESS	9.4595	74
UNIVERSITY OF INDIANA	9.4118	85
IN VOC TEC COL-LAFAYETTE	9.3750	64
INDIANA STATE UNIV	9.3357	557
PURDUE UNIV FORT WAYNE CENTER	9.0909	220
INDIANA VOCATIONAL TECHNICAL COL	9.0909	55
ST JOSEPHS COLLEGE MAIN CAMPUS	8.7379	103
BETHEL COLLEGE	8.3333	48
UNIVERSITY OF SOUTHERN INDIANA	7.9470	151
ITT TECHNICAL INSTITUTE	7.9137	139
INDIANA BUSINESS COLLEGE	7.8431	51
INDIANA UNIV MAIN CAMPUS	7.7183	2073
WABASH COLLEGE	7.1429	42
EVANSVILLE TRI STATE BEAUTY COLLEGE	7.1429	28
INDIANA UNIV SCH OF MEDICINE	7.1429	28
GOSHEN COLLEGE	6.7164	134
MIDWESTERN TECHNICAL INSTITUTE	6.6667	15
BUTLER UNIVERSITY	6.5868	167
HUNTINGTON COLLEGE	6.3830	47
MANCHESTER COLLEGE	6.3291	79
IN VOC TEC COL ST JOSEPH V TEC INST	6.2500	32
VALPARAISO UNIVERSITY	5.2326	344
PURDUE UNIV MAIN CAMPUS	4.6929	1726
ST MARY-OF-THE-WOODS COLLEGE	4.6512	43
UNIVERSITY OF EVANSVILLE	4.4643	336
INDIANA UNIV AT KOKOMO	4.1667	48
HERRON SCHOOL OF ART	4.0000	75
GRACE THEOLOGY SEMINARY & COLLEGE	3.9735	151
TRI-STATE COLLEGE	3.8835	103
INTERNATIONAL BUSINESS COLLEGE	3.8835	103
TAYLOR UNIVERSITY	3.3557	149
HANOVER COLLEGE	2.9851	67

INDIANA (cont'd) -58-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIVERSITY OF NOTRE DAME	2.71226	848
FORT WAYNE BIBLE COLLEGE	2.32558	43
INDIANA UNIV AT SOUTH BEND	2.00000	100
CONCORDIA THEOLOGICAL SEMINARY	1.96078	51
ROSE-HULMAN INSTITUTE OF TECHNOLOGY	1.86916	107
DEPAUW UNIVERSITY	1.44928	207
EARLHAM COLLEGE	1.04167	96
ST MARYS COLLEGE	0.58824	170
INDIANA UNIV INDIANAPOLIS DNTOWN CA	0.00000	3
INDIANA UNIV AT FORT WAYNE	0.00000	4
MENNONITE BIBLICAL SEMINARY	0.00000	5
ST FRANCIS COLLEGE	0.00000	35
MEMORIAL HOSP SCHOOL OF XRAY TECH	0.00000	3
REID MEM HOSP SCH OF RAD-TECH	0.00000	2
PURDUE UNIV WEST LAFAYETTE	0.00000	2
LUTHERAN HOSP SCH OF NURSING	0.00000	6
MEMORIAL HOSP SCHOOL OF NURSING	0.00000	19
DEACONESS HOSP SCH OF NURSING	0.00000	26
ST ELIZABETH HOSP MD CTR SCH NURS	0.00000	13
ELKHART INSTITUTE OF TECHNOLOGY	0.00000	4
HARROLD BEAUTY ACADEMY INC	0.00000	8
GOSHEN BIBLICAL SEMINARY	0.00000	9
METROPOLITAN BEAUTY ACADEMY	0.00000	1
ST FRANCIS HOSP CTR SCH OF MED-TECH	0.00000	1
METHODIST HOSP MEDICAL TECH PROGRAM	0.00000	2
ACADEMY OF HAIR CARE	0.00000	3
EVANSVILLE SCH OF HEALTH OCCUPATION	0.00000	20
LAKESHORE MEDICAL LAB TRAINING PROG	0.00000	1
HOUSE OF JAMES	0.00000	2
INDIANA UNIV SCH OF DENTISTRY	0.00000	43
PURDUE UNIV-SCHOOL OF VET MEDICINE	0.00000	1

KANSAS

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CLARK COLLEGE	100.000	1
WESLEY MED CTR SCH OF NURSING	100.000	1
SALT CITY BUSINESS COLLEGE	100.000	1
DONNELLY COLLEGE	77.460	315
SOUTHEAST KANSAS AREA VOC TECH SCH	64.865	37
GENE BLAKE SCHOOL OF HAIRSTYLING	58.333	48
CLIMATE CONTROL INSTITUTE	55.914	93
SOUTHWEST KANSAS AREA VOC TECH SCH	55.556	18
KANSAS CITY KANSAS CMTY JR COLLEGE	54.808	208
FORT SCOTT COMMUNITY JUNIOR COLLEGE	54.217	166
SALINA AREA VOC TECH SCHOOL	53.226	62
BUTLER COUNTY COMMUNITY JR COLLEGE	52.047	171
PRATT COMMUNITY JUNIOR COLLEGE	51.724	58
CENTRAL KANSAS AREA VOC TECH SCHOOL	51.163	43
COFFEYVILLE COMMUNITY JR COLLEGE	50.769	65
LABETTE COMMUNITY COLLEGE	50.000	48
ST FRANCIS HOSP SCH OF RADIO TECH	50.000	2
KANSAS SCHOOL OF HAIR DESIGN	50.000	12
HAYS HAIRDRESSING SCHOOL	50.000	30
KAW AREA VOC TECH SCHOOL	49.333	75
COWLEY COUNTY COMMUNITY COLLEGE	49.206	63
WICHITA BUSINESS COLLEGE	47.143	210
PROFESSIONAL BEAUTY COLLEGE	46.154	13
FLINT HILLS AREA VOC TECH SCHOOL	46.000	50
WICHITA AREA VOC TECH SCHOOL	45.247	263
LIBERAL AREA VOC TECH SCHOOL	44.828	29
NORTHEAST KANSAS AREA VOC TECH SCH	44.444	36
TOPEKA TECHNICAL COLLEGE	43.878	98
KANSAS CITY AREA VOC-TECH SCHOOL	41.667	48
GARDEN CITY COMMUNITY COLLEGE	41.538	65
ELECTRONIC COMPUTER PROGRAMING INST	41.379	29
PLATT COLLEGE	40.741	405
ALLEN COUNTY COMMUNITY JR COLLEGE	40.000	30
BARTON COUNTY COMMUNITY JR COLLEGE	40.000	45
EMPORIA SCHOOL OF HAIR STYLING	40.000	25
PLATT COLLEGE	40.000	5
KANSAS WESLEYAN UNIVERSITY	39.655	116
CENTRAL COLLEGE INC	39.326	89
HUTCHINSON COMMUNITY JUNIOR COLLEGE	38.095	105
NEOSHO COUNTY COMMUNITY JR COLLEGE	36.735	49
ST MARY COLLEGE	36.250	80
JOHNSON COUNTY COMMUNITY JR COLLEGE	35.829	187
DODGE CITY COMMUNITY JUNIOR COLLEGE	35.294	68
HIGHLAND COMMUNITY JUNIOR COLLEGE	34.375	32
SIDNEYS HAIRDRESSING COLLEGE INC	34.375	32
STERLING COLLEGE	33.962	53
PITTSBURG STATE UNIVERSITY	33.904	643
HAYS HAIRDRESSING SCHOOL	33.333	21
VERNONS KANSAS SCH OF COSMETOLOGY	33.065	124
KANSAS NEWMAN COLLEGE	32.292	96
BRYAN INSTITUTE	31.951	410
ACADEMY OF HAIR DESIGN INC	31.818	22

KANSAS (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WASHBURN UNIVERSITY OF TOPEKA	31.2769	697
NORTHWEST KANSAS AREA VOC TECH SCH	31.2000	125
BROWN-MACKIE SCHOOL OF BUSINESS	30.9179	207
MANHATTAN CHRISTIAN COLLEGE	30.7692	13
FRIENDS UNIVERSITY	30.6931	101
CLOUD COUNTY COMMUNITY JR COLLEGE	30.3571	56
WICHITA STATE UNIVERSITY	29.5985	1071
CRUMS BEAUTY SCHOOL	29.1262	103
SOUTHWESTERN COLLEGE	28.8660	97
WICHITA TECHNICAL INSTITUTE	28.5714	21
CAPITOL CITY BARBER COLLEGE	28.5714	21
MANHATTAN AREA VOC TECH SCHOOL	27.8351	97
INDEPENDENCE COMMUNITY JR COLLEGE	26.7442	86
KANSAS TECHNICAL INSTITUTE	26.5823	79
NORTH CENTRAL KANSAS AREA VOC TECH	26.5823	79
SEWARD COUNTY COMMUNITY JR COLLEGE	25.9259	27
BAKER UNIVERSITY	25.8065	124
CENTRAL COLLEGE	25.6410	78
OTTAWA UNIVERSITY	25.2632	95
COLBY COMMUNITY JUNIOR COLLEGE	25.0000	64
CRANFORD COLLEGE	23.4375	64
HAIRBENDERS SCHOOL OF HAIRSTYLING	23.0769	13
FRIENDS BIBLE COLLEGE	21.4286	14
TABOR COLLEGE	20.8333	48
BETHEL COLLEGE	20.6186	97
MID-AMERICAN NAZARENE COLLEGE	20.1342	298
ST FRANCIS REG MED CTR SCH RAD TECH	20.0000	5
HAYS ACADEMY OF HAIR DESIGN	20.0000	5
EMPORIA STATE UNIVERSITY	19.8547	413
MARYMOUNT COLLEGE	19.7917	96
ST JOHNS COLLEGE	19.5122	41
ST MARY OF THE PLAINS COLLEGE	18.7500	96
BETHANY COLLEGE	18.2796	93
ASBURY HOSP SCH OF NURSING	17.6471	17
KANSAS STATE UNIV OF AG & APP SCI	16.8174	2212
FORT HAYS KANSAS STATE COLLEGE	15.4639	485
MCPHERSON COLLEGE	15.2941	85
UNIV OF KANSAS	15.2240	2299
AMTECH INSTITUTE	15.1125	311
CENTRAL BAPTIST THEOLOGY SEMINARY	14.2857	7
STORMONT-VAIL HOSP SCH OF NURSING	14.2857	21
HESSTON COLLEGE	12.3077	65
COLLEGE OF HAIR DESIGN	11.7647	17
BENEDICTINE COLLEGE	8.8000	125
UNIV OF KS COL OF HEALTH C HOSPITAL	7.2917	96
KANSAS ST UNIV-COLL OF VET MEDICINE	2.0000	50
UNIV OF KANSAS SCH OF MED	1.6129	124
BETHANEY MED CTR SCH OF RAD TECH	0.0000	1
PROV-ST MARG HLTH CTR SCH RAD-TECH	0.0000	2
ST JOSEPH HOSP SCH OF XRAY TECH	0.0000	2
STORMONT-VAIL HOSP SCH OF XRAY TECH	0.0000	1
WESLEY MED CTR SCH OF XRAY TECH	0.0000	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF KANSAS MED CTR	0	1
NEWMAN MEM CO HOSP SCH OF NURSING	0	5
ST FRANCIS REG MED CTR SCH MED TECH	0	2
TOPEKA SCHOOL OF MEDICAL TECHNOLOGY	0	3
WESLEY MED CTR SCH OF LAB SCIENCES	0	1
ST CATHERINE HOSP SCH OF RAD-TECH	0	2
PROVIDENCE-ST MARGARET HEALTH CENTE	0	2
KANSAS CITY COLLEGE & BIBLE SCHOOL	0	1
UNIV OF KANSAS SCH OF PHARMACY	0	1

KENTUCKY

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ST CATHERINE COLLEGE	100.000	2
MAYO STATE VOC TECH SCHOOL	100.000	1
HAGER BEAUTY ACADEMY	100.000	1
CORBIN AREA VOC EDUCATION CTR	100.000	1
LOUISVILLE COLLEGE OF COSMETOLOGY	100.000	1
NORTHERN KY HEALTH OCCUPATIONS CTR	100.000	1
CAREERCOM JUNIOR COLLEGE OF BUSINES	61.184	152
KENTUCKY COLLEGE OF BUSINESS	58.333	24
LOUISVILLE COL. OF MED & DENT ASST.	52.899	138
UNIV OF KY CC SYS-ELIZABETHTOWN CC	50.000	2
UNIV OF KY CC SYS-HENDERSON CC	50.000	2
FUGAZZI BUSINESS COLLEGE	50.000	2
UNIV OF KY CC SYS-JEFFERSON CC	50.000	2
BOWLING GREEN JUNIOR COLLEGE OF BUS	50.000	22
WATTERSON COLLEGE	39.731	297
SPALDING UNIVERSITY	33.333	6
KENTUCKY STATE UNIVERSITY	28.571	21
SPENCERIAN COLLEGE	25.926	27
LOUISVILLE TECHNICAL INSTITUTE	25.000	8
BEREA COLLEGE	21.429	14
OWENSBORO JUNIOR COL OF BUSINESS	20.000	25
SULLIVAN JR COL OF BUSINESS	19.444	36
BELLARMINE COLLEGE	18.750	16
UNIV OF LOUISVILLE	15.584	77
KENTUCKY CHRISTIAN COLLEGE	14.474	76
UNIV OF KY CC SYS-PADUCAH CC	14.286	7
UNION COLLEGE	13.333	15
KY DOE WEST KENTUCKY STATE VOC TEC	12.500	8
APPALACHIAN BEAUTY SCHOOL	12.500	8
RETS ELECTRONIC INSTITUTE	9.677	62
CAMPBELLSVILLE COLLEGE	9.091	11
LOUISVILLE PRESBYTERIAN THEOL SEM	7.692	26
UNIVERSITY OF KENTUCKY COL OF MED	7.692	13
ASBURY COLLEGE	7.527	93
NATL EDUCATION CTR-KY COL OF TECH	7.143	14
MOREHEAD STATE UNIVERSITY	6.034	116
NORTHERN KENTUCKY UNIVERSITY	5.319	94
UNIVERSITY OF KENTUCKY MAIN CAMPUS	5.058	257
MURRAY STATE UNIVERSITY	4.695	213
ASBURY THEOLOGICAL SEMINARY	4.545	44
WESTERN KENTUCKY UNIVERSITY	4.375	160
EASTERN KENTUCKY UNIVERSITY	4.040	198
THOMAS MORE COLLEGE	3.846	26
GEORGETOWN COLLEGE	3.125	32
CUMBERLAND COLLEGE	2.500	40
ALICE LLOYD COLLEGE	0.000	2
BRESCIA COLLEGE	0.000	7
CENTRE COLLEGE OF KENTUCKY	0.000	18
KENTUCKY WESLEYAN COLLEGE	0.000	16
LEXINGTON THEOLOGICAL SEMINARY	0.000	2
LINDSEY WILSON COLLEGE	0.000	3
MIDWAY COLLEGE	0.000	1

KENTUCKY (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
PIKEVILLE COLLEGE	0	1
TRANSYLVANIA UNIVERSITY	0	6
UNIV OF KY CC SYS-ASHLAND CC	0	1
UNIV OF KY CC SYS-HOPKINSVILLE CC	0	2
UNIV OF KY CC SYS-SOMERSET CC	0	2
KY DOE ASHLAND STATE VOC TECH SCH	0	1
BOWLING GREEN STATE VOC-TECH SCHOOL	0	1
SOMERSET VOCATIONAL SCHOOL	0	4
KENTUCKY BAPTIST HOSP SCH OF NURSE	0	1
UNIV OF KY CC SYS-MAYSVILLE CC	0	2
UNIV OF KY CC SYS-HAZARD CC	0	1
UNIVERSITY OF KENTUCKY CNTRL OFFICE	0	1
INSTITUTE OF ELECTRONIC TECHNOLOGY	0	13
UNIV OF KY CC SYS-MADISONVILLE CC	0	1
UNIV OF KY CC SYS-LEXINGTON TE INST	0	7
JEFFERSON CITY AREA VOCATIONAL SCH	0	1
MR JOHNS SCHOOL OF BEAUTY	0	1
COLLINS SCHOOL OF COSMETOLOGY	0	1
MADISONVILLE HEALTH OCCUPATIONS SCH	0	1
MAYSVILLE AREA VOC EDUCATION CTR	0	1
OWENSBORO SCHOOL OF HAIR DESIGN	0	1
U OF LOUISVILLE-MED HLTH SCI CENTER	0	3
UNIVERSITY OF KENTUCKY COL OF DENT	0	3
UNIV OF LOUISVILLE SCH OF DENTISTRY	0	6

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
EVE'S COLLEGE OF HAIRSTYLING	100.000	2
INSTITUTE OF ELECTRONIC TECHNOLOGY	83.333	12
DELTA CAREER COLLEGE	72.727	209
AMERICO TECHNICAL CAREERS INSTITUTE	61.538	234
WESTBANK BUSINESS COLLEGE	58.861	159
EVE'S COLLEGE OF HAIRSTYLING	55.556	45
DELTA SCHOOL OF BUSINESS	50.000	44
JEROMES SCH OF BTY CULTURE	50.000	4
AUDUBON COLLEGE	47.059	68
COMMERCIAL COLLEGE OF BATON ROUGE	46.552	58
SOUTHERN TECHNICAL COLLEGE	41.855	485
COMMERCIAL COLLEGE OF SHREVEPORT	37.838	111
CONTROL DATA INSTITUTE	34.783	23
MOLER BEAUTY COLLEGE	33.333	3
DILLARD UNIVERSITY	32.934	167
ACADEMY OF SCIENTIFIC HAIR DESIGN	30.769	13
SOUTHERN UNIV & A&M COL	29.367	395
PHILLIPS COLLEGE OF NEW ORLEANS	18.431	510
DRAUGHON BUSINESS COLLEGE	18.182	33
XAVIER UNIVERSITY OF LOUISIANA	16.364	110
GRAMBLING STATE UNIVERSITY	12.644	522
OCHSNER SCH OF ALLIED HLTH SCIENCES	12.500	8
LOUISIANA BUSINESS COLLEGE	12.281	114
CAPITOL AREA VOC SCHOOL	10.000	10
DEE & JAYS SCHOOL OF BEAUTY INC	10.000	10
MCNEESE STATE UNIVERSITY	6.400	125
DELGADO COMMUNITY COLLEGE	6.061	33
TULANE UNIVERSITY OF LOUISIANA	5.660	583
OUR LADY OF HOLY CROSS COLLEGE	5.000	20
NICHOLLS STATE COLLEGE	4.762	63
CHARITY HOSP SCH OF NURSING	4.545	22
UNIV OF SOUTHWESTERN LOUISIANA	4.380	274
DELTA COLLEGE	4.237	118
BATON ROUGE SCHOOL OF COMPUTERS	4.054	74
LA STATE UNIV OF NEW ORLEANS	3.887	283
LA STATE UNIV BATON ROUGE	3.789	1082
RETS TRAINING CENTER	3.704	54
LA STATE UNIV MED CTR N ORLEANS	3.390	59
LOUISIANA COLLEGE	3.226	31
LOYOLA UNIVERSITY	3.019	265
LA STATE UNIV EUNICE CAMPUS	2.703	37
LA STATE UNIV SHREVEPORT CAMPUS	2.469	81
CENTENARY COLLEGE	2.222	45
LOUISIANA TECH UNIVERSITY	2.024	494
LA STATE UNIV MC SCH OF DENTISTRY	2.000	50
NORTHEAST LOUISIANA STATE UNIV	1.974	304
NORTHWESTERN STATE UNIV OF LA	1.333	150
CAMERON COLLEGE	0.980	204
SOUTHEASTERN LOUISIANA UNIVERSITY	0.772	259
LA STATE UNIV ALEXANDRIA CAMPUS	0.000	38
SOUTHERN UNIV & A&M COL NEW ORLEANS	0.000	24
ST MARYS DOMINICAN COLLEGE	0.000	24

LOUISIANA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NEWCOMB COLLEGE	0	2
AYERS INSTITUTE	0	20
SOUTHERN UNIV & A&M COL SHREVEPORT	0	1
MEADOWS-DRAUGHON COLLEGE	0	92
ROBINSON BUSINESS COLLEGE	0	7
SPENCER COLLEGE	0	111
T H HARRIS VOC TECH SCHOOL	0	30
SOWELA TECHNICAL INSTITUTE	0	24
SOUTHWEST LOUISIANA VOC TECH SCHOOL	0	4
SHREVEPORT BOSSIER TECH CENTER	0	17
DELTA-OUACHITA VOCATIONAL TECH INST	0	16
NORTHEAST LOUISIANA VOC SCHOOL	0	15
NORTH CENTRAL AREA VOC TECH SCHOOL	0	2
MEMORIAL AREA VOC SCHOOL	0	1
JEFFERSON DAVIS VOC TECH SCHOOL	0	2
HAMMOND AREA VOC SCHOOL	0	3
FLORIDA PARISHES VOC SCHOOL	0	8
BATON ROUGE VOC TECH INSTITUTE	0	20
ALEXANDRIA TRADE SCHOOL	0	19
WESTSIDE VOC TECH SCHOOL	0	3
TECHE AREA VOC TECH SCHOOL	0	1
LAFAYETTE CHARITY HOSP SCH RAD-TECH	0	1
OUR LADY OF THE LAKE SCH OF NURSING	0	15
TOURO INFIRMARY SCH OF NURSING	0	11
SULLIVAN VOC TECH INSTITUTE	0	15
JEFFERSON PARISH VOC TECH SCHOOL	0	15
SOUTHERN UNIV-SHREVEPORT BOSSIER	0	2
CHARITY HOSP SCH OF RAD-TECH	0	1
DEMMON SCHOOL OF BEAUTY INC	0	2
CHARITY HOSP SCH OF ANEST FOR NURSE	0	7
CHARITY HOSP SCH OF MED-TECH	0	1
JOHN JAY BEAUTY COLLEGE	0	13
GENEVAS BEAUTY COLLEGE	0	1
SLIDELL VOC-TECH SCHOOL	0	12
PAT GOINS RUSTON BEAUTY SCHOOL	0	1
PAT GOINS BENTON ROAD BEAUTY SCH	0	2
NATIONAL BEAUTY COLLEGE	0	3
BOSSIER PARRISH COMMUNITY COLLEGE	0	4
DELTA SCHOOL OF BUSINESS	0	79
LARRY'S ACADEMY OF HAIRSTYLING	0	3
TOURO INFIRMARY DIETETIC INTERNSHIP	0	1
JEFFERSON PARISH W BK VOC-TECH SCH	0	35
PORTSIDE VOCATIONAL-TECHNICAL SCH	0	6
LOCKWORKS ACADEMIE OF HAIRDRESSING	0	2
LOUISIANA SCHOOL OF PROFESSIONS	0	17
VET ADMIN MED CTR SCH OF MED TECH	0	1
LARRY'S ACADEMY OF HAIRSTYLING	0	3
LARRY'S ACADEMY OF HAIRSTYLING	0	9
NATCHITOCHES-CENTRAL AREA VO-TECH	0	10
INTERNATIONAL TECHNICAL INSTITUTE	0	19
LA STATE UNIV MC SCH OF RADIOGRAPHY	0	1
MOLER BEAUTY COLLEGE	0	4

LOUISIANA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LAFAYETTE REGIONAL VOC-TECH INST	0	3
BIGGERS SCH COURT RPT/SECRETAR SCI	0	2
VILLE PLATTE VOC-TECH SCHOOL	0	1
LOCKWORKS ACADEMIE OF HAIRDRESSING	0	2
LA STATE UNIV MC SCH OF MEDICINE	0	16
LA STATE UNIV MC SCH OF MEDICINE	0	6
TULANE UNIV SCH OF MED	0	24
LSU BATON ROUGE-COLL OF VET MENICIN	0	13

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SUFFOLK UNIV CENTRAL OFFICE	100.000	1
ARTHUR D. LITTLE MGMT EDUC INST INC	66.667	3
BOSTON V A HOSP SCH OF MED-TECH	50.000	2
BLAINE HAIR SCHOOL	40.000	25
BOSTON STATE COLLEGE	33.333	6
SMITH AGRICULTURAL VOC SCHOOL	33.333	3
ANDOVER TRACTOR TRAILER SCHOOL(HSP)	29.167	24
LEICESTER JUNIOR COLLEGE	25.000	4
MASS SCH OF BARBFRING & HAIRSTYLING	23.529	17
NEW ENGLAND TRACTOR TRAILER TRNG	22.170	212
DIMAN REGIONAL TECH INSTITUTE	19.355	31
RADIO ELECTRONIC TELEVISION INC	19.048	63
BOSTON BUSINESS SCHOOL	18.182	11
WILFRED ACAD OF HAIR & BEAUTY CULT	17.762	563
HEAD HUNTER 11 SCH OF HAIR DESIGN	17.647	51
BOSTON CITY HOSP SCH OF PRAC NURSIN	17.391	23
ANDOVER TRACTOR TRAILOR SCHOOL(HSP)	15.267	131
ITT TECHNICAL INSTITUTE	15.210	309
MASSACHUSETTD SCHOOL OF BARBERING	14.706	34
WHITTIER VOC-TECH H S POSTSECON DIV	14.286	7
DUDLEY HALL CAREER INSTITUTE	13.514	37
BLAINE HAIR SCHOOL	12.214	131
PEDIGREE PROF SCH OF DOG GROOMING	12.000	50
WILFRED ACAD OF HAIR & BEAUTY CULT	11.650	206
NEW ENGLAND INST APPLIED ARTS/SCI	11.111	27
SABINA'S BEAUTY SCHOOL	11.111	36
BOJACK LTD ACAD OF BEAUTY CULTURE	11.111	18
MANSFIELD BEAUTY ACADEMY	10.714	56
MASSASOIT COMMUNITY COLLEGE	10.048	418
CHAMBERLAYNE JUNIOR COLLEGE	9.877	162
NATL EDUCATION CENTER-BRYMAN CAMPUS	9.453	201
MOUNT IDA COLLEGE	9.132	219
QUINCY BEAUTY ACADEMY INC	9.091	33
KINYON-CAMPBELL BUSINESS SCHOOL	8.824	170
BERKLEE SCHOOL OF MUSIC	8.421	380
ANDOVER NEWTON THEOLOGICAL SCHOOL	8.333	48
SWAIN SCHOOL OF DESIGN	8.333	24
BUTERA SCHOOL OF ART	8.333	36
NEW ENGLAND SCHOOL OF PHOTOGRAPHY	8.333	48
BRISTOL COMMUNITY COLLEGE	8.182	220
LASELL JUNIOR COLLEGE	8.081	99
NORTHERN ESSEX COMMUNITY COLLEGE	7.772	193
ROXBURY COMMUNITY COLLEGE	7.767	103
CONTROL DATA INSTITUTE	7.746	142
WOMEN'S TECHNICAL INSTITUTE	7.547	53
PINE MANOR JUNIOR COLLEGE	7.500	40
CAMBRIDGE COLLEGE INST OF OPEN EDUC	7.487	187
WORCESTER INDUSTRIAL TECH INSTITUTE	7.407	27
NORTHEAST BROADCASTING SCHOOL	7.407	81
NORTH BENNET STREET SCHOOL	7.407	27
BAY STATE JUNIOR COLLEGE OF BUS	7.362	163
MASS GEN HOSP SHEPARD-GILL SCH NURS	7.143	14

MASSACHUSETTS

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SCHOOL OF MUSEUM OF FINE ARTS	7.05882	85
NORTHEAST INST OF INDUSTRIAL TECH	6.97674	215
MOUNT WACHUSETT COMMUNITY COLLEGE	6.89655	203
H FAZIO INST OF BEAUTY CULTURE INC	6.89655	29
ELEANOR F ROBERTS INSTITUTE, INC	6.89655	29
DEAN JUNIOR COLLEGE	6.87500	160
QUINCY JUNIOR COLLEGE	6.77966	236
EMERSON COLLEGE	6.68317	404
SOUTHEASTERN REGIONAL TECH INST	6.45161	31
EASTERN NAZARENE COLLEGE	6.36943	157
QUINSIGAMOND COMMUNITY COLLEGE	6.32411	253
MANSFIELD BEAUTY ACADEMY INC	6.25000	48
HAMPSHIRE COLLEGE	6.17284	162
NEWBURY COLLEGE, INC	6.13893	619
AMERICAN INTERNATIONAL COLLEGE	6.06061	297
MASSACHUSETTS COLLEGE OF ART	5.92105	152
ATLANTIC UNION COLLEGE	5.75540	139
EMMANUEL COLLEGE	5.75540	139
HICKOX SCHOOL	5.71429	70
SPRINGFIELD COLLEGE	5.61497	374
GREENFIELD COMMUNITY COLLEGE	5.59441	143
MASSACHUSETTS COLLEGE OF PHARMACY	5.55556	18
ASSOCIATED TECHNICAL INSTITUTE	5.40541	111
WENTWORTH INSTITUTE	5.30822	584
CHARLES H MCCANN TECHNICAL SCHOOL	5.26316	19
NEW ENGLAND SCHOOL OF ART & DESIGN	5.26316	38
MONTSERRRAT SCHOOL OF VISUAL ARTS	5.26316	19
BROMS BARBER SCHOOL	5.26316	19
BUSINESS EDUCATION INSTITUTE	5.12821	156
UNIV OF MASS BOSTON CAMPUS	5.02846	1054
ART INSTITUTE OF BOSTON	5.00000	80
BERKSHIRE CHRISTIAN COLLEGE	4.87805	41
GREATER LOWELL REGIONAL VO-TECH SCH	4.76190	21
KATHERINE GIBBS SCHOOL	4.68750	256
BUNKER HILL COMMUNITY COLLEGE	4.66321	193
MELROSE BEAUTY ACADEMY	4.65116	43
WHEATON COLLEGE	4.51977	177
BAY PATH JUNIOR COLLEGE	4.51128	133
FRANKLIN INSTITUTE OF BOSTON	4.47761	134
MIDDLESEX COMMUNITY COLLEGE	4.41767	249
FISHER JUNIOR COLLEGE	4.39815	432
BOSTON ARCHITECTURAL CENTER	4.34783	69
PETER B BRIGHAM HOSP SCH OF NURSING	4.34783	23
BOSTON CONSERVATORY OF MUSIC	4.28571	70
HELLENIC COLLEGE	4.16667	24
SIMMONS COLLEGE	4.04762	420
SALTER SECRETARIAL SCHOOL INC	4.04040	99
DAVID H FANNING TRADE HIGH SCHOOL	4.00000	25
SPRINGFIELD TECHNICAL COMMUNITY COL	3.92670	382
WORCESTER JUNIOR COLLEGE	3.84615	26
SABINA'S BEAUTY ACADEMY	3.84615	26
LESLEY COLLEGE	3.79464	448

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ENDICOTT JUNIOR COLLEGE	3.78788	132
AMHERST COLLEGE	3.72340	188
MANSFIELD BEAUTY ACADEMY	3.70370	27
ST JOHN'S SCHOOL OF BUSINESS	3.66972	109
NORTHEASTERN UNIVERSITY	3.66569	3410
MANSFIELD BEAUTY SCHOOL	3.63636	55
EAST COAST AERO TECH SCHOOL	3.47222	144
NORTH SHORE COMMUNITY COLLEGE	3.44828	261
CAPE COD COMMUNITY COLLEGE	3.39623	265
BOSTON UNIVERSITY	3.39089	3185
SYLVANIA TECHNICAL SCHOOL	3.37838	444
CLARK UNIVERSITY	3.37079	356
CENTRAL NEW ENGLAND COL OF TECH	3.34448	299
FALL RIVER BEAUTY ACADEMY	3.33333	30
EMPIRE BEAUTY SCHOOL	3.33333	30
ELOISE'S SCHOOL OF BEAUTY	3.27869	61
UNITED TECHNICAL SCHOOLS	3.22581	62
SIMONS ROCK	3.12500	32
BRIDGEWATER STATE COLLEGE	3.03030	759
SALEM STATE COLLEGE	3.02632	760
WESTFIELD STATE COLLEGE	3.01887	530
SUFFOLK UNIV MAIN CAMPUS	2.95508	846
ESSEX AGRICULTURAL & TECH INST	2.89855	69
WELLESLEY COLLEGE	2.86738	279
NEW ENGLAND BAPT HOSP SCH NURSING	2.85714	35
HALLMARK INSTITUTE OF PHOTOGRAPHY	2.77778	36
MASSACHUSETTS BAY COMMUNITY COLLEGE	2.70270	111
BABSON COLLEGE	2.69461	334
NEW ENGLAND SCHOOL OF LAW	2.68817	186
CURRY COLLEGE	2.63158	114
UNIV OF MASS MAIN CAMPUS	2.61780	3629
NORTH ADAMS STATE COLLEGE	2.59740	385
WHEELOCK COLLEGE	2.58621	116
BLUE HILLS REG TECHNICAL INSTITUTE	2.58065	155
AQUINAS JR COL OF BUSINESS	2.53165	79
BRANDEIS UNIVERSITY	2.50569	439
ROB ROY BEAUTY SCIENCES ACADEMY	2.43902	41
NEW ENGLAND CONSERVATORY OF MUSIC	2.40000	125
NEW ENGLAND DEACONESS HOSP SCH NURS	2.38095	42
STONEHILL COLLEGE	2.37389	337
WESTERN NEW ENGLAND COLLEGE	2.32558	602
BURDETT SCHOOL	2.30769	260
BRADFORD COLLEGE	2.27273	44
CATHERINE HINDS INST OF ESTHETICS	2.27273	44
GORDON COLLEGE	2.22222	180
MASSACHUSETTS INST OF TECHNOLOGY	2.20994	905
FORSYTH SCHOOL OF DENTAL HYGIENISTS	2.17391	46
MARIAN COURT JUNIOR COLLEGE	2.17391	46
BERKSHIRE COMMUNITY COLLEGE	2.16216	185
BOSTON COLLEGE MAIN CAMPUS	2.11935	1793
MOUNT HOLYOKE COLLEGE	2.10970	237
AQUINAS JR COL OF BUSINESS	2.04082	98

MASSACHUSETTS (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
HOLYOKE COMMUNITY COLLEGE	2.03046	197
MASSACHUSETTS COLLEGE OF PHARMACY	1.98675	151
FRAMINGHAM STATE COLLEGE	1.93370	362
TUFTS UNIVERSITY	1.84332	651
COLLEGE OF OUR LADY OF THE ELMS	1.83486	109
CATHERINE LABOURE COLLEGE	1.83486	109
ASSUMPTION COLLEGE	1.76678	283
NICHOLS COLLEGE	1.76471	170
FITCHBURG STATE COLLEGE	1.75719	626
UNIVERSITY OF LOWELL	1.70863	1112
SOUTHEASTERN MASSACHUSETTS UNIV	1.67785	894
MERRIMAC COLLEGE	1.66667	360
BENTLEY COL OF ACCOUNTING & FINANCE	1.66074	843
HARVARD UNIVERSITY	1.59744	1878
WORCESTER STATE COLLEGE	1.53846	390
UNIV OF MASS MEDICAL SCH WORCESTER	1.44928	69
HARVARD LAW SCHOOL	1.41509	212
GORDON-CONWELL THEOLOGICAL SEM	1.40845	71
HARVARD GRADUATE SCH OF BUS ADMIN	1.29870	308
WILLIAMS COLLEGE	1.23967	242
COLLEGE OF THE HOLY CROSS	1.19048	336
MASSACHUSETTS MARITIME ACADEMY	1.12994	177
BECKER JUNIOR COLLEGE	1.10803	361
TUFTS UNIV SCH OF MEDICINE	1.07527	93
WORCESTER POLYTECHNIC INSTITUTE	1.05708	473
REGIS COLLEGE MAIN CAMPUS	0.68493	146
ANNA MARIA COLLEGE	0.62893	159
SMITH COLLEGE	0.24390	410
BOSTON UNIVERSITY SARGENT COLLEGE	0.00000	3
EPISCOPAL DIVINITY SCHOOL	0.00000	23
HARVARD UNIVERSITY RADCLIFFE COL	0.00000	15
HEBREW COLLEGE	0.00000	1
NEW ENGLAND COLLEGE OF OPTOMETRY	0.00000	73
LOWELL STATE COLLEGE	0.00000	4
NEWTON PUBLIC SCHOOLS	0.00000	2
POPE JOHN XXIII NATIONAL SEMINARY	0.00000	1
ST HYACINTH COLLEGE & SEMINARY	0.00000	3
ST JOHNS SEMINARY	0.00000	16
UNIV OF MASS STOCKBRIDGE TECH INST	0.00000	1
SCHOOL WORCESTER ART MUSEUM	0.00000	2
ARLINGTON VOC TECH HIGH SCHOOL	0.00000	1
MASS GEN HOSP SCH OF RAD-TECH	0.00000	4
MERCY HOSP SCH OF XRAY TECH	0.00000	1
MOUNT AUBURN HOSP SCH OF RAD-TECH	0.00000	3
NORTH ADAMS HOSP SCH OF XRAY TECH	0.00000	1
SALEM HOSP SCH OF XRAY TECH	0.00000	2
BROCKTON HOSP SCH OF NURSING	0.00000	21
CHILDRENS HOSP MED CTR SCH OF NURS	0.00000	1
FRAMINGHAM UNION HOSP SCH NURSING	0.00000	31
LAWRENCE MEM HOSP SCH OF NURSING	0.00000	21
LEOMINSTER HOSP SCH OF NURSING	0.00000	17
LOWELL GEN HOSP SCH OF NURSING	0.00000	3

MASSACHUSETTS (cont'd) -70-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MALDEN HOSP SCH OF NURSING	0	19
ST JOSEPHS HOSP SCH OF NURSING	0	1
ST VINCENT HOSP SCH OF NURSING	0	35
BAYSTATE MED CTR SCH OF NURSING	0	19
WORCESTER CITY HOSP SCH OF NURSING	0	1
WORCESTER HAHNEMANN HOSP SCH NURS	0	18
MASS GEN HOSP SCH OF NURSING	0	1
ST ELIZABETHS HOSP SCH OF NURSING	0	38
NEWTON-WELLESLEY HOSP SCH OF NUR	0	39
SOMERVILLE HOSP SCH OF NURSING	0	22
HENRY O PEABODY SCHOOL	0	31
TEWKSBURY HOSP SCH OF PRAC NURS	0	1
HARVARD DENTAL SCHOOL	0	5
HARVARD MEDICAL SCHOOL	0	29
HARVARD UNIV SCH OF PUBLIC HEALTH	0	9
VESPER GEORGE SCHOOL OF ART	0	1
BERKSHIRE MED CTR SCH ANES FOR NURS	0	2
CARNEY HOSP SCH OF ANESTHESIA	0	1
NEW ENGLAND SCHOOL OF ACCOUNTING	0	59
WENTWORTH COLLEGE OF TECHNOLOGY	0	3
HENRIS SCHOOL OF HAIR DESIGN INC	0	25
LOWELL ACADEMY INC	0	11
GORDON-CONWELL THEOLOGICAL SEMINARY	0	5
TUFTS UNIVERSITY MEDICAL SCHOOL	0	1
CARNEY HOSP SCH OF MED-TECH	0	1
ST VINCENT HOSP SCH OF NURSE ANEST	0	3
BAYSTATE MED CTR SCH OF MED TECH	0	1
BERKSHIRE MED CTR SCH OF MED-TECH	0	2
SALEM HOSP SCH OF MED-TECH	0	2
MANSFIELD BEAUTY ACADEMY INC	0	26
BROMS BEAUTY ACADEMY	0	15
BROMS ACADEMY OF HAIRDRESSING	0	50
CHAMBERLAIN SCHOOL OF RETAILING	0	9
MASS GEN HOSP RESP THER TECHS PROG	0	8
BROMS BARBER SCHOOL	0	6
NEW STYLE BARBER SCHOOL	0	27
YOUVILLE HOSPITAL SCH OF PRACT NURS	0	16
GODDARD MEM HOSP SCH OF RAD-TECH	0	3
TAUNTON BEAUTY ACADEMY	0	10
MASSACHUSETTS GEN HOSP DIETETIC PRG	0	3
LONGY SCHOOL OF MUSIC	0	4
WESTON SCHOOL OF THEOLOGY	0	10
MASSACHUSETTS SCH OF PROF PSYCH INC	0	23
ASSABET VALLEY REGIONAL VOC SCHOOL	0	6
WALTHAM HOSP SCH OF PRACTICAL NURS	0	7
CAMBRIDGE INST FOR COMPUTER PROG	0	66
BRISTOL-PLYMOUTH REG VOC-TECH SCH	0	8
WANG INSTITUTE OF GRADUATE STUDIES	0	2
MGH INST OF HEALTH PROFESSIONS	0	13
JOSEPH P KEEFE TECHNICAL SCHOOL	0	1
TRAVEL SCHOOL OF AMERICA	0	35
SOUTHWOOD CMTY HOSP SCH OF PRAC NUR	0	6

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BOSTON UNIV SCHOOL OF MEDICINE	0	1
HARVARD UNIVERSITY MEDICAL SCHOOL	0	6
UNIV OF MASS SCH OF MED	0	2
BOSTON UNIV SCH OF GRAD DENTISTRY	0	6
TUFTS UNIV SCH OF DENTAL MEDICINE	0	9
NEW ENGLAND COLLEGE OF OPTOMETRY	0	3
TUFTS UNIVERSITY SCH OF VET MED	0	37

MARYLAND

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NATIONAL TECH INST-RESIDENT DIV.	68.7500	48
MARYLAND COLLEGE OF ART & DESIGN	55.5556	9
SOJOURNER - DOUGLAS COLLEGE	55.0000	100
JULES BEAUTY SCHOOL	54.0541	111
UNION MEM HOSP SCH OF NURSING	50.0000	8
AIRCO TECHNICAL INSTITUTE	48.0712	337
DUNDALK COMMUNITY COLLEGE	45.3333	75
TEMPLE SCHOOL OF MARYLAND	44.7368	228
COMMUNITY COLLEGE OF BALTIMORE	44.6108	334
BOWIE STATE COLLEGE	40.8451	213
MORGAN STATE COLLEGE	40.4711	467
PROFESSIONAL INST OF COMMERCIAL ART	40.0000	15
ROBERT'S INSTITUTE OF HAIR DESIGN	39.4737	38
TESST ELECTRONIC SCHOOL	36.8715	179
CHESAPEAKE BUSINESS INSTITUTE	35.4839	155
NATIONAL TRAINING SYSTEMS	34.3195	507
COPPIN STATE COLLEGE	34.2857	105
INTERNATIONAL BEAUTY SCHOOL	33.3333	3
DIESEL INSTITUTE OF AMERICA	33.0357	336
STRAYER COLLEGE	32.9897	194
ELDORADO ACADEMY OF COSMETOLOGY	29.5455	44
FLEET SCHOOL FOR SECRETARIES	29.1667	96
LINCOLN TECHNICAL INSTITUTE	28.6364	220
WASHINGTON FASHION ACADEMY	28.5714	7
HOWARD COMMUNITY COLLEGE	27.6596	47
UNIV OF MARYLAND MARYLAND STATE COL	27.1429	140
HARFORD COMMUNITY COLLEGE	26.5060	83
POTOMAC ACADEMY OF HAIR DESIGN	26.0870	23
STRATFORD SCHOOLS	25.2747	91
CHESAPEAKE COLLEGE	25.0000	24
JOHNSTON SCH OF PRACTICAL NURSING	25.0000	4
GARRETT COMMUNITY COLLEGE	25.0000	24
BROADCASTING INSTITUTE OF MARYLAND	25.0000	52
MONTGOMERY COLLEGE CENTRAL OFFICE	24.9123	570
MARYLAND DRAFTING INSTITUTE INC	24.5902	122
CATONSVILLE COMMUNITY COLLEGE	24.1071	224
HAGERSTOWN JUNIOR COLLEGE	23.3333	30
ESSEX COMMUNITY COLLEGE	22.7273	176
YORKTOWNE BUSINESS INSTITUTE	22.7184	515
RETS ELECTRONIC SCHOOLS	22.4771	218
PRINCE GEORGES COMMUNITY COLLEGE	22.1239	339
ANNE ARUNDEL COMMUNITY COLLEGE	21.8182	110
ALLEGANY COMMUNITY COLLEGE	21.2121	165
WOODRIDGE BUSINESS INSTITUTE	21.2121	33
CAPITOL INSTITUTE OF TECHNOLOGY	20.9581	167
CHARLES COUNTY COMMUNITY COLLEGE	19.5652	46
MEDIX SCHOOL	19.1244	434
DEL-MAR-VA BEAUTY ACADEMY INC	19.0476	21
CECIL COMMUNITY COLLEGE	18.5185	27
VILLA JULIE COLLEGE	18.1818	77
WOR-WICK TECH COMMUNITY COLLEGE	17.8571	28
INTERNATIONAL BEAUTY SCHOOL	17.6471	34

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MONTGOMERY COLLEGE ROCKVILLE CAMP	16.6667	6
COLUMBIA UNION COLLEGE	16.4706	85
UNIV OF MARYLAND UNIVERSITY COLLEGE	16.3636	275
WASHINGTON BIBLE COLLEGE	16.3265	49
UNIVERSITY OF BALTIMORE	14.7287	258
COLLEGE OF NOTRE DAME OF MARYLAND	14.4737	76
UNIV OF MARYLAND BALTIMORE COUNTY	13.4725	527
MARYLAND INSTITUTE COLLEGE OF ART	13.2075	159
ST MARYS COLLEGE OF MARYLAND	12.5984	127
MARYLAND GEN HOSP SCH OF NURSING	12.5000	24
FREDERICK COMMUNITY COLLEGE	11.6279	43
SALISBURY STATE COLLEGE	11.6071	336
ARUNDEL INSTITUTE OF TECHNOLOGY	11.3402	97
GOUCHER COLLEGE	11.1111	99
TOWSON STATE COLLEGE	11.0644	714
KATHERINE GIBBS SCHOOL	10.3448	58
UNIV OF MARYLAND MAIN CAMPUS	8.8170	2688
FROSTBURG STATE COLLEGE	8.0906	309
ST JOHNS COLLEGE MAIN CAMPUS	8.0645	62
HAGERSTOWN BUSINESS COLLEGE	7.9365	63
JOHNS HOPKINS UNIV SCH OF HYG & P H	6.6667	60
JOHNS HOPKINS UNIV SCH OF MEDICINE	6.6667	15
UNIV OF MARYLAND BALT PROF SCHOOLS	6.5934	364
LOYOLA COLLEGE	5.4054	333
PEABODY CONSERVATORY OF MUSIC	4.8780	41
WESTERN MARYLAND COLLEGE	4.7904	167
JOHNS HOPKINS UNIV MAIN CAMPUS	4.5198	354
MT ST MARY'S COLLEGE	3.3557	149
WASHINGTON COLLEGE	3.3333	60
HOOD COLLEGE	2.7972	143
JOHNS HOPKINS UNIV SCH OF MEDICINE	2.4390	41
BALTIMORE COLLEGF OF COMMERCE INC	0.0000	1
BALTIMORE HEBREW COLLEGE	0.0000	1
MONTGOMERY COLLEGE TAKOMA PARK CAMP	0.0000	5
MT PROVIDENCE JUNIOR COLLEGE	0.0000	1
NER ISRAEL RABBINICAL COLLEGE	0.0000	2
ST MARYS SEM & UNIV	0.0000	2
JOHNS HOPKINS HOSP SCH OF CYTOTECH	0.0000	3
MERCY HOSP PRO OF RAD-TECH	0.0000	1
MEMORIAL HOSP SCHOOL OF NURSING	0.0000	2
ST JOSEPH HOSP SCH OF NURSING	0.0000	15
MARYLAND MEDICAL SECRETARIES SCHOOL	0.0000	4
AWARD BEAUTY SCHOOL	0.0000	5
UNIV OF MARYLAND ALL CAMPUSES	0.0000	1
WASHINGTON THEOLOGICAL COALITION	0.0000	1
JOHNS HOPKINS HOSP SCH ANES FOR NUR	0.0000	3
JOHNS HOPKINS UNIV-PEABODY DIVISION	0.0000	2
MD INSTITUTE OF ULTRASOUND TECH INC	0.0000	6
SINAI HOS SCH OF RESPIRATORY CARE	0.0000	2
EASTERN CHRISTIAN COLLEGE	0.0000	1
UNIFORMED SERVICES UNIV OF HLTH SCI	0.0000	2
EASTERN SHORE HOSP CTR PRACT NURS	0.0000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF MARYLAND PROF SCH OF MED	0	1
JOHNS HOPKINS UNIV SCH OF HYG & P H	0	5

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MANSFIELD BEAUTY ACADEMY OF MAINE	56.0000	25
BEAUTY ACADEMY OF MAINE	55.5556	9
UNIV OF MAINE GORHAM STATE COLLEGE	33.3333	3
UNIV OF MAINE AT FORT KENT	26.6667	45
PIERRES SCHOOL OF BEAUTY CULTURE	24.7059	85
MID-STATE BUSINESS COLLEGE	23.8938	113
MANSFIELD BEAUTY ACADEMY OF MAINE	23.8095	63
MAINE STATE ACADEMY OF HAIR DESIGN	22.2222	72
MR RICHARD'S HAIRSTYLING ACADEMY	22.2222	9
UNIV OF MAINE AT AUGUSTA	20.2703	148
MAINE MED CTR SCH OF OPERAT RM TECH	20.0000	10
ANDOVER COLLEGE	19.2661	218
PORTLAND SCHOOL OF ART	18.7500	48
UNIV OF MAINE AT PRESQUE ISLE	17.9104	134
UNIV OF MAINE AT MACHAIS	17.5676	74
COLLEGE OF THE ATLANTIC	16.6667	24
NASSON COLLEGE	15.3846	13
KENNEBEC VALLEY VOC TECH INSTITUTE	15.0000	60
CASCO BAY COLLEGE	14.4444	90
UNIV OF SOUTHERN MAINE	13.7853	885
SOUTHERN MAINE VOC TECH INSTITUTE	12.6904	197
MR BERNARDS SCH OF HAIR FASHION INC	12.5000	32
WASHINGTON COUNTY VOC TECH INST	11.3208	106
NORTHERN MAINE VOC TECH INSTITUTE	10.4839	124
BEAL COLLEGE	10.3774	106
UNITY COLLEGE	9.8361	61
UNIV OF MAINE AT FARMINGTON	9.1286	241
HUSSON COLLEGE	8.2988	241
WESTBROOK COLLEGE	7.9545	176
BANGOR THEOLOGICAL SEMINARY	7.6923	13
UNIV OF MAINE AT ORONO	7.3999	1473
ST MARYS GEN HOSP SCH OF NURSING	7.1429	14
D'LOR BEAUTY SCHOOL	6.8966	29
EASTERN MAINE VOC TECH INSTITUTE	6.7227	119
THOMAS COLLEGE	6.0606	99
MERCY HOSP SCH OF NURSING	5.8824	17
CENTRAL MAINE VOC TECH INSTITUTE	4.0541	74
ST JOSEPHS COLLEGE	3.9801	201
UNIV OF NEW ENGLAND	3.6697	109
CENTRAL MAINE MED CTR SCH NURSING	3.4483	29
MAINE MARITIME ACADEMY	3.1250	96
BOWDOIN COLLEGE	2.8090	178
COLBY COLLEGE	1.3514	222
BATES COLLEGE	1.1236	178
CENTRAL MAINE MED CTR SCH RAD-TECH	0.0000	2
MAINE MED CTR SCH OF RAD-TECH	0.0000	1
MERCY HOSP SCH OF XRAY TECH	0.0000	3
THAYER HOSP SCH OF XRAY TECH	0.0000	4
EASTERN MAINE MED CTR SCH NURSING	0.0000	14
CENTRAL BEAUTY SCHOOL	0.0000	20
ST MARYS GEN HOSP SCH NURSE ANESTH	0.0000	2
UNIV OF MAINE AT BANGOR	0.0000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
EASTERN MAINE MED CTR SCH NUR ANEST	0	7
MERCY HOSP SCH OF ANESTHESIA	0	3
ST JOSEPH HOSP SCH DIPLOMA NURSING	0	1
MAINE MEDICAL CTR- SCH OF MED-TECH	0	1
NEW ENGLAND COL OF OSTEOPATHIC MED	0	21

MICHIGAN

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CRAIGS STATE COLLEGE OF BEAUTY	100.000	2
STATE COLLEGE OF BEAUTY	100.000	3
ALMA'S BEAUTY COLLEGE	90.196	51
CAMBRIDGE BUSINESS SCHOOL	81.481	405
PAYNE PULLIAM SCH OF TRADE & COMMER	79.739	153
DEBBIE'S SCHOOL OF BEAUTY CULTURE	77.778	54
KALAMAZOO BEAUTY ACADEMY	75.610	41
JORDAN COLLEGE	74.609	256
LEWIS BUSINESS COLLEGE	71.038	183
SAWYER SCHOOL	70.886	79
DETROIT INSTITUTE OF COMMERCE	70.807	161
HIGHLAND PARK COMMUNITY COLLEGE	70.370	81
WAYNE COUNTY COMMUNITY COLLEGE	67.982	228
MICHIGAN COLLEGE OF BEAUTY	66.667	3
DETROIT INST OF AERONAUTICS	66.667	3
MARANATHA BEAUTY COLLEGE	66.667	3
DETROIT BUSINESS INSTITUTE	65.714	770
WELDTECH WELDING EDUCATION CENTER	63.934	122
MICH TECH REHABILITATION INSTITUTE	62.500	8
PONTIAC BUSINESS INSTITUTE	60.423	331
ADRIAN BEAUTY ACADEMY	60.000	10
PONTIAC BUSINESS INSTITUTE	54.902	51
MICHIGAN COLLEGE OF BEAUTY	54.545	11
MICH CAREER INSTITUTE	54.478	134
JACKSON BUSINESS INSTITUTE	54.444	90
KALAMAZOO VALLEY COMMUNITY COLLEGE	51.163	129
ADELPHI TECHNICAL INSTITUTE	51.099	182
SHAW COLLEGE	50.000	2
STATE COLLEGE OF BEAUTY-FERNDALE	50.000	8
STATE COLLEGE OF BEAUTY	50.000	10
STATE COLLEGE OF BEAUTY	50.000	2
PONTIAC BUSINESS INSTITUTE	50.000	40
LOU-ROG SCHOOL OF HAIR DESIGN	50.000	16
VIRGINIA FARRELL BEAUTY SCHOOL	48.718	39
MICHIGAN PARAPROFESSIONAL TRNG INST	48.101	79
ROSS BUSINESS INSTITUTE	47.907	215
VIRGINIA FARRELL BEAUTY SCHOOL	46.875	64
WASHTENAW COMMUNITY COLLEGE	46.746	169
MICHIGAN TECHNICAL INSTITUTE	45.977	87
DETROIT ENGINEERING INSTITUTE	45.833	144
KRAINZ WOOD ACADAMY OF MED LAB TECH	45.714	35
DAVID PRESSLEY PRO SCH OF COSMETOL	45.455	22
PONTIAC BUSINESS INSTITUTE	44.231	52
MARYGROVE COLLEGE	43.210	81
KELLOGG COMMUNITY COLLEGE	42.857	63
ANN ARBOR BEAUTY ACADEMY	42.857	14
INSTITUTE OF MERCHANDISING & DESIGN	42.857	35
CLEARY COLLEGE	41.667	60
ROSS MEDICAL EDUCATION CENTER	40.449	178
SOUTHWESTERN MICHIGAN COLLEGE	40.426	94
FASHION INSTITUTE OF AMERICA	40.000	5
WEST SHORE COMMUNITY COLLEGE	37.500	32

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DORSEY BUSINESS SCHOOL	37.4074	270
MACOMB COUNTY CMTY COL SOUTH CAMPUS	36.0000	50
NATIONAL EDUC CTR-NAT INST OF TECH	35.8349	533
VIRGINIA FARRELL BEAUTY SCHOOL	35.7143	14
MUSKEGON BUSINESS COLLEGE	34.1667	120
ALPENA COMMUNITY COLLEGE	33.3333	60
MACOMB COUNTY CMTY COL MAIN CAMPUS	33.3333	3
WESTBROOK BEAUTY COLLEGE	33.3333	6
HENRY FORD COMMUNITY COLLEGE	32.5581	172
WAYNE STATE UNIV	32.3266	894
NORTH CENTRAL MICHIGAN COLLEGE	32.1429	28
LAKE MICHIGAN COLLEGE	31.4286	35
HENRY FORD HOSP SCH OF NURSING	30.7692	13
EASTERN MICHIGAN UNIVERSITY	30.6966	847
OLIVET COLLEGE	30.4878	82
OAKLAND CMTY COL-MAIN CAMPUS	30.1587	189
WILLIAM TYNDALE COLLEGE	30.0000	10
MERCY COLLEGE OF DETROIT	29.7297	148
ROSS MEDICAL EDUCATION CENTER	29.4118	68
CONTROL DATA INSTITUTE	29.2994	157
SUOMI COLLEGE	29.2453	106
MONTCALM COMMUNITY COLLEGE	29.1667	24
MUSKEGON COMMUNITY COLLEGE	29.0909	55
DETROIT COLLEGE OF BUSINESS	27.7108	83
SCHOOLCRAFT COLLEGE	27.6596	47
MICH CHRISTIAN JUNIOR COLLEGE	27.1186	59
MOTECH AUTOMOTIVE EDUCATION CENTER	26.5092	381
LANSING COMMUNITY COLLEGE	26.1905	336
UNIV OF DETROIT	25.6024	332
ARGUBRIGHT BUSINESS COLLEGE	25.0000	52
STATE COLLEGE OF BEAUTY	25.0000	4
VIRGINIA FARRELL BEAUTY SCHOOL	25.0000	4
KIRTLAND COMMUNITY COLLEGE	24.5902	61
GREAT LAKES JUNIOR COLLEGE OF BUSIN	23.5294	51
MADONNA COLLEGE	22.1053	95
SAGINAW VALLEY COLLEGE	21.2560	207
BAY DE NOC COMMUNITY COLLEGE	21.0526	114
M J MURPHY BEAUTY COLLEGE LANSING	21.0526	19
SPRING ARBOR COLLEGE	20.5607	107
STATE COLLEGE OF BEAUTY	20.0000	5
M J MURPHY BEAUTY COL OF JACKSON	20.0000	20
MACOMB COUNTY CMTY COL CENTER CAMP	19.0476	21
WESTERN MICH UNIV	18.0826	1283
OAKLAND UNIVERSITY	18.0751	426
DAVENPORT COLLEGE OF BUSINESS	18.0157	383
UNIV OF MICHIGAN DEARBORN CAMPUS	17.8218	202
GREAT LAKES BIBLE COLLEGE	17.6471	17
SIENA HEIGHTS COLLEGE	17.3913	92
KENDALL SCHOOL OF DESIGN	17.3913	69
ANDREWS UNIVERSITY	16.9154	402
ITT TECHNICAL INSTITUTE	16.7832	143
JACKSON COMMUNITY COLLEGE	16.6667	36

MICHIGAN (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MICHIGAN COLLEGE OF BEAUTY	16.6667	6
NORTHWOOD INSTITUTE MAIN CAMPUS	16.4948	194
COL FOR ART & DESIGN CTR FOR CREATI	16.4179	67
NAZARETH COLLEGE	16.2162	37
FERRIS STATE COLLEGE	15.8523	921
ROSS MEDICAL EDUCATION CENTER	15.8333	120
MONROE COUNTY COMMUNITY COLLEGE	15.3846	26
GRAND RAPIDS EDUCATIONAL CENTER	15.3846	39
NORTHERN MICHIGAN UNIVERSITY	15.2493	682
GRAND RAPIDS JUNIOR COLLEGE	15.0602	166
DELTA COLLEGE	14.8515	202
ALBION COLLEGE	14.5299	117
CRANBROOK ACADEMY OF ART	14.2857	14
GLEN OAKS COMMUNITY COLLEGE	14.2857	14
NATIONAL EDUC CTR-NAT INST OF TECH	14.2857	126
MICHIGAN STATE UNIV COL - HUMAN MED	14.2857	21
BAKER JUNIOR COLLEGE OF BUSINESS IN	13.9535	43
SPECS HOWARD SCH OF BROADCAST ARTS	13.5135	37
UNIV OF MICHIGAN FLINT COLLEGE	13.3929	112
WALSH COL OF ACCT & BUS ADM	13.3333	45
DETROIT COLLEGE OF LAW	13.0435	92
NORTHWESTERN MICHIGAN COLLEGE	12.9630	162
KALAMAZOO COLLEGE	12.9412	85
CONCORDIA LUTHERAN JUNIOR COLLEGE	12.8205	39
MICH STATE UNIV MAIN CAMPUS	12.8093	2506
GRAND VALLEY STATE COLLEGE	12.5000	272
LAWRENCE INSTITUTE OF TECHNOLOGY	12.3077	195
MID MICHIGAN CMTY COL	12.2807	57
THOMAS M COOLEY LAW SCHOOL	11.8421	152
UNIV OF MICHIGAN MEDICAL SCHOOL	11.1111	54
UNIV OF MICHIGAN COL OF PHARMACY	11.1111	9
ST CLAIR COUNTY COMMUNITY COLLEGE	10.8696	92
CHIC UNIVERSITY OF COSMETOLOGY	10.8696	46
CHARLES S MOTT COMMUNITY COLLEGE	10.2041	98
CENTRAL MICHIGAN UNIVERSITY	10.0933	1179
GOGEBIC COMMUNITY COLLEGE	9.7561	41
ADRIAN COLLEGE	9.6774	93
LAKE SUPERIOR STATE COLLEGE	9.6552	145
AQUINAS COLLEGE	9.3407	182
CARNEGIE INSTITUTE	9.2308	65
UNIV OF MICHIGAN MAIN CAMPUS	8.6675	2319
MICHIGAN STATE UNIV COL - OSTEO MED	7.8947	38
GRAND RAPIDS BAPTIST COLLEGE & SEM	7.6087	92
HILLSDALE COLLEGE	7.4074	54
WAYNE ST UNIV-SCHOOL OF MEDICINE	7.4074	27
M J MURPHY BEAUTY COL OF SAGINAW	6.6667	15
UNIV OF MICHIGAN SCH OF PUB HEALTH	5.5556	18
CALVIN COLLEGE	5.2846	246
MICH TECH UNIV MAIN CAMPUS	4.7809	502
HOPE COLLEGE	4.7337	169
UNIV OF MICHIGAN SCH OF DENTISTRY	4.2857	70
ALMA COLLEGE	3.6145	83

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GMI ENGINEERING & MANAGEMENT INST	1.92308	104
MICH STATE UNIV COL OF VET MEDICINE	1.72414	58
CALVIN THEOLOGICAL SEMINARY	0.00000	8
GRACE BIBLE COLLEGE	0.00000	9
JUSTIN MORRILL COLLEGE	0.00000	1
NORTHEASTERN SCHOOL OF COMMERCE	0.00000	3
OAKLAND CMTY COL-HIGHLAND LAKES	0.00000	1
REFORMED BIBLE COLLEGE	0.00000	7
SACRED HEART SEMINARY	0.00000	1
ST JOHNS PROVINCAL SEMINARY	0.00000	1
ST MARYS COLLEGE	0.00000	3
WAYNE COUNTY GEN HOSP SCH RAD TECH	0.00000	1
HURLEY MEDICAL CTR SCH OF RAD-TECH	0.00000	2
PORT HURON HOSP SCH OF XRAY TECH	0.00000	2
ST JOHN HOSP SCH OF XRAY TECH	0.00000	1
ST JOSEPH HOSP SCH OF XRAY TECH	0.00000	2
BUTTERWORTH HOSP SCH OF NURSING	0.00000	1
HURLEY HOSP SCH OF NURSING	0.00000	10
MERCY CENTRAL SCHOOL OF NURSING	0.00000	9
MERCY SCH OF NURSING OF DETROIT	0.00000	3
SOUTH CENTRAL MICH SCH OF PRA NURSE	0.00000	5
BAY CITY PRACTICAL NURSE CENTER	0.00000	15
BRONSON METH HOSP SCH OF NURSING	0.00000	7
PETOSKEY BEAUTY ACADEMY	0.00000	2
PORT HURON COSMETOLOGY COLLEGE	0.00000	3
VIRGINIA FARRELL BEAUTY SCHOOL	0.00000	1
NORTHERN AIR SER SCH AERO COMM FLIG	0.00000	4
ALPENAS HOLLYWOOD SCHOOL OF BEAUTY	0.00000	2
FLINT INSTITUTE OF BARBERING INC	0.00000	10
ST MARYS HOSP SCH OF MED-TECH	0.00000	1
WRIGHT BEAUTY ACADEMY	0.00000	1
GRAND RAPIDS SCH OF BIBLE & MUSIC	0.00000	26
BLODGETT MEM HOSP SCH OF NURSING	0.00000	1
M.J. MURPHY COLLEGE OF MIDLAND	0.00000	3
ST JOHN HOS SCH OF MED TECHNOLOGY	0.00000	1
ST JOHN HOS SCH OF RES THERAPY TECH	0.00000	1
FASHION SCHOOL OF BEAUTY	0.00000	3
BUTTERWORTH HOSP SCH OF MED TECH	0.00000	1
BORGESS MEDICAL CTR SCH OF MED TECH	0.00000	1
MR BELA'S SCHOOL OF COSMETOLOGY	0.00000	3
BRONSON METH HOSP SCH OF RAD TECH	0.00000	2
CENTER FOR HUMANISTIC STUDIES	0.00000	6
TAYLORTOWN SCHOOL OF BEAUTY	0.00000	5
MCPHERSON CMTY HLTH CTR PRACT NURS	0.00000	10

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
OLIVER THEIN BEAUTY SCHOOL INC	68.9655	29
BROOKS BEAUTY SCHOOL	66.6667	42
GLOBE COLLEGE OF BUSINESS	65.9004	261
COSMETOLOGY TRAINING CENTER	61.1111	72
BROOKS SCH OF BARBERING & HAIRSTYLE	57.8947	38
COSMETOLOGY TRAINING CENTER	57.7465	71
PINE TECHNICAL INSTITUTE	52.0000	150
MINNEAPOLIS V A HOSP SCH OF RAD-TEC	50.0000	4
ST PAUL BARBER SCHOOL	46.6667	15
SCHOOL OF COMMUNICATION ARTS	46.5347	101
COSMETOLOGY TRAINING CENTER	45.4545	33
DETROIT LAKES AREA VOC-TECH INST	44.1520	342
BEMIDJI AREA VOC-TECH INST	43.9024	164
RAINEY RIVER COMMUNITY COLLEGE	42.8571	56
ALBERT LEA AREA VOC-TECH INST	40.2235	179
MINNEAPOLIS COMMUNITY COLLEGE	36.7220	482
AUSTIN AREA VOC-TECH INST	36.3296	267
HIBBING CMTY COL	36.0000	75
MAXIMS BEAUTY ACADEMY	35.7143	28
DULUTH COSMETOLOGY CAREER CENTER	34.8837	43
WADENA AREA VOC-TECH INST	33.9901	203
BRAINERD AREA VOC-TECH INST	33.7875	367
CROSIER SEMINARY JUNIOR COLLEGE	33.3333	3
NORTHWEST INST OF MEDICAL LAB TECH	33.3333	3
MODEL COLLEGE OF HAIR DESIGN	33.3333	48
RED WING AREA VOC-TECH INST	32.7160	162
THIEF RIVER FALLS AREA VOC-TECH INS	31.8386	223
DULUTH WEST COSMETOLOGY CAREER COLL	31.5789	19
NORTHLAND COMMUNITY COLLEGE	31.1111	90
ST CLOUD AREA VOC-TECH INST	30.6748	489
FARIBAULT AREA VOC-TECH INST	30.3030	99
ITASCA CMTY COL	29.7872	94
COSMETOLOGY TRAINING CENTER	29.6296	27
HIBBING AREA VOC-TECH INST	29.2035	113
PIPESTONE AREA VOC-TECH INSTITUTE	28.4884	172
VERMILLION CMTY COL	28.3951	162
JACKSON AREA VOC-TECH INSTITUTE	28.2486	177
COSMETOLOGY TRAINING CENTER	27.2727	33
DULUTH BUSINESS UNIVERSITY	26.6667	105
DULUTH AREA VOC-TECH INST	26.6484	364
STAPLES AREA VOC-TECH INST	26.4957	117
MESABI COMMUNITY COLLEGE	26.0870	46
VERA-DUANE SCHOOL OF HAIR DESIGN	25.5814	43
LAKELAND MEDICAL-DENTAL ACADEMY	25.5319	141
THE 916 AREA VOC-TECH INSTITUTE	25.3472	288
INVER HILLS COMMUNITY COLLEGE	25.2941	170
WINONA AREA VOC-TECH INST	25.1208	207
EVELETH AREA VOC-TECH INST	25.0000	80
FERGUS FALLS ST HOSP CHEM DEP CTP	25.0000	12
HASTINGS BEAUTY SCHOOL	25.0000	24
HUTCHINSON AREA VOC-TECH INST	24.0385	208
AUSTIN CMTY COL	23.7113	97

MINNESOTA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GOLDEN VALLEY LUTHERAN COLLEGE	23.4637	179
WILLMAR COMMUNITY COLLEGE	23.2955	176
ROCHESTER CMTY COL	22.5888	394
METROPOLITAN STATE UNIVERSITY	22.5000	200
BRAINERD CMTY COL	22.2222	126
NORTHWEST TECHNICAL INSTITUTE	22.2222	27
NORTH CENTRAL BIBLE COLLEGE	21.5548	283
SCHOOL OF ASSOCIATED ARTS	21.4286	28
UNITED THEOL SEM OF THE TWIN CITIES	21.2121	33
FLORIAN SCHOOL OF COSMETOLOGY	21.2121	33
LOWTHIAN COLLEGE	21.2121	99
HORST EDUCATION CENTER	21.1538	104
MINNEAPOLIS COL OF ART & DESIGN	21.1268	142
DUNWOODY INDUSTRIAL INSTITUTE	21.0762	223
BEMIDJI STATE UNIVERSITY	20.8675	853
MINNEAPOLIS BARBER SCHOOL	20.8333	24
NAT'L EDUCATION CTR-BROWN INST CAMP	20.7692	780
MEDICAL INSTITUTE OF MINN INC	20.6522	184
ROCHESTER AREA VOC-TECH INST	20.5128	234
ANOKA AREA VOC-TECH INST	20.1852	540
MOORHEAD AREA VOC-TECH INST	20.1365	293
ST CLOUD HOSP SCH OF XRAY TECH	20.0000	5
ROCHESTER SCH OF PRACTICAL NURSING	20.0000	15
LAKEWOOD COMMUNITY COLLEGE	19.8473	262
EAST GRAND FORKS AREA VOC-TECH INST	19.7952	293
UNIV OF MINN TECH COL WASECA	19.2053	151
MINNEAPOLIS AREA VOC-TECH INST	19.1943	844
MINNEAPOLIS DRAFTING SCHOOL	19.1781	73
HIBBING COSMETOLOGY CAREER CENTER	19.0476	21
CONTROL DATA INSTITUTE	18.8049	569
MINNESOTA BIBLE COLLEGE	18.7500	16
ST CLOUD BUSINESS COLLEGE	18.6916	214
RASMUSSEN SCHOOL OF BUSINESS	18.2927	246
ST PAUL TECHNICAL VOCATIONAL INST	18.2731	498
MANKATO AREA VOC-TECH INST	18.2065	368
DAKOTA COUNTY AREA VOC-TECH INST	17.9724	434
ANOKA-RAMSEY CMTY COL	17.7835	388
NORTH HENNEPIN COMMUNITY COLLEGE	17.0807	322
GRANITE FALLS AREA VOC-TECH INST	16.9492	118
ROBINSON BEAUTY SCHOOL	16.9492	59
ALEXANDRIA AREA VOC-TECH INST	16.7816	435
FERGUS FALLS CMTY COL	16.6667	54
MICHAEL'S SCIENTIFIC SCH OF COSMET	16.6667	12
NORMANDALE CMTY COL	16.6240	391
UNIV OF MINN TECH INST CROOKSTON	16.5746	181
CANABY AREA VOC-TECH INST	16.4063	128
UNIV OF MINN MORRIS CAMPUS	16.3399	306
MACALESTER COLLEGE	16.3121	282
WILLMAR AREA VOC TECH INST	16.2281	456
ST CLOUD BEAUTY COLLEGE	16.0584	137
WORTHINGTON CMTY COL	16.0000	75
ACADEMY OF ACCOUNTANCY	15.7895	57

MINNESOTA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF MINN DULUTH CAMPUS	15.1398	1037
FAIRVIEW DEACONESS HOSP SCH NURSING	15.0943	53
MANKATO STATE UNIVERSITY	14.9735	2077
RITTER ST PAUL BEAUTY COLLEGE	14.7059	34
COLLEGE OF ST TERESA	14.5455	110
AUGSBURG COLLEGE	14.5110	317
ITT TECHNICAL INSTITUTE	14.1892	592
BETHANY LUTHERAN COL & THEO SEM	13.8889	36
HAMLINE UNIVERSITY	13.5714	420
ST CLOUD STATE UNIVERSITY	13.2718	1733
CONCORDIA COLLEGE ST PAUL	13.2184	174
WINONA STATE UNIVERSITY	12.9838	801
UNIV OF MINN MNPLS-ST PAUL MAIN	12.8757	7021
COLLEGE OF ST SCHOLASTICA	12.8713	202
SUBURBAN HENNEPIN AREA VOC-TECH SCH	12.5196	639
FERN'S BEAUTY COLLEGE	12.5000	16
VIRGINIA COSMETOLOGY CARREER CENTER	12.5000	8
MOORHEAD STATE UNIVERSITY	12.2105	950
ST PAUL BIBLE COLLEGE	11.9266	109
NORTHWESTERN ELECTRONICS INSTITUTE	11.8863	387
SOUTHWEST MINN STATE COLLEGE	11.6041	293
RASMASSEN BUSINESS COLLEGE, MINN	11.4130	184
NORTHWESTERN HOSP SCH OF XRAY TECH	11.1111	9
COSMETOLOGY TRAINING CENTER	11.1111	18
COLLEGE OF ST THOMAS	10.6928	664
ST MARYS JIINIOR COLLEGE	10.5839	274
BETHEL THEOLOGICAL SEMINARY	10.3448	58
MCCONNEL SCHOOL	9.9379	322
ST LUKES HOSP SCH OF NURSING	9.6774	31
NORTHWESTERN COLLEGE	9.4241	191
NORTHWESTERN COL OF CHIROPRACTIC	9.1549	142
MINNEAPOLIS BUSINESS COLLEGE	8.9041	146
COLLEGE OF ST CATHERINE	8.4388	474
CONCORDIA COLLEGE AT MOORHEAD	8.3130	409
ST MARYS COLLEGE	7.4419	215
ST JOHNS UNIVERSITY	7.2072	333
ST CLOUD HOSP SCH OF NURSING	7.1429	56
MINNESOTA INST OF MED & DEN CAREER	6.9959	243
ST BENEDICTS COLLEGE	6.6890	299
MOLER BARBER SCHOOL OF HAIRSTYLING	5.8824	17
WILLIAM MITCHELL COLLEGE OF LAW	5.7751	329
SCOTT LEWIS/FLORIAN SCI SCH COSMET	5.3571	56
ST OLAF COLLEGE	5.1685	445
BETHEL COLLEGE	4.8843	389
CARLETON COLLEGE	4.7009	234
GUSTAVUS ADOLPHUS COLLEGE	4.4444	360
LUTHER THEOLOGICAL SEMINARY	3.4188	117
DR MARTIN LUTHER COLLEGE	2.0000	50
BETHEL COLLEGE & SEM CENTRAL OFFICE	0.0000	2
MOUNDS MIDWAY SCHOOL OF NURSING	0.0000	1
NORTHWESTERN LUTH THEO SEMINARY	0.0000	10
ST PAUL SEMINARY	0.0000	8

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF MINN CENTRAL OFFICE	0	19
BETHESDA LUTH MED CTR SCH RAD TECH	0	1
NORTH MEM MEDICAL CTR SCH X-RAY TEC	0	1
ST LUKES HOSP SCH OF XRAY TECH	0	6
ST MARYS HOSP SCH OF RAD-TECH	0	2
UNIV OF MINN MINNEAPOLIS CAMPUS	0	3
MAYO CLINIC SCH PHYSICAL THERAPY	0	19
CRYSTAL SHAMROCK INC	0	1
MINNEAPOLIS SCHOOL OF ANESTHESIA	0	15
UNIV OF MINN MAYO GRAD SCH OF MED	0	6
ABBOTT-NORTHWESTERN HOSP SCH OF NUR	0	9
MINNEAPOLIS V A HOSP SCH OF ANES	0	3
MAYO SCHOOL OF NURSE ANESTHESIA	0	7
ST MARYS HOSP SCH OF ANESTHESIA	0	7
ST PAUL-RAMSEY MED CTR SCH/NURANES	0	4
MAYO MEDICAL SCHOOL	0	67
HAMLINE UNIVERSITY SCHOOL OF LAW	0	4
ST PAUL RAMSEY HOSP DIETETIC INTERN	0	2
METROPOLITAN MED CTR-SCH MED TECH	0	2
COSMETOLOGY TRAINING CENTER	0	26
MINNESOTA COSMETOLOGY COLLEGE	0	3
TWIN CITIES OPPORT INDUSTRIALIZ CTR	0	8
MAYO MEDICAL SCHOOL	0	1
UNIV OF MINNESOTA SCH OF MED	0	3
UNIV OF MINNESOTA MED SCHOOL	0	8
UNIV OF MINN SCH OF DENT	0	2
UNIV OF MINN COL OF VET MEDICINE	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BENEDICT BUSINESS INSTITUTE	88.0795	151
PIONEER COMMUNITY COLLEGE	83.3333	12
MISSOURI SCH- BARBERING/HAIRSTYLING	78.5714	14
MIDWEST COLLEGE OF MEDICAL ASST	76.9231	13
ULTISSIMA BEAUTY COLLEGE	75.6757	148
CAREER BEAUTY SCHOOL	75.4098	122
RUESING UNIVERSITY OF BEAUTY	75.0000	236
SULLIVAN EDUCATIONAL CENTERS	73.5537	242
VOCATIONAL TRAINING CENTER	72.4450	773
CAREER BEAUTY SCHOOL	72.0930	43
GENERAL EDUCATION AND TRAINING	71.4900	698
DRAUGHONS COLLEGE	68.1818	22
JAY TRUCK DRIVER TRAINING CENTER	65.6604	1060
UNITED COLLEGE	65.2812	409
VATTEROTT & SULLIVAN ED CENTER	64.3868	424
METRO BUSINESS COLLEGE	62.6374	182
PENN VALLEY COMMUNITY COLLEGE	61.2836	483
EASTERN JACKSON CTY COL ALLIED HLTH	60.0000	5
DICKINSON JUNIOR COLLEGE	58.4416	693
KANSAS CITY COL OF MED/DENT CAREERS	53.7445	454
KEMPER MILITARY SCH & COL	53.3333	15
NATL EDUCATION CENTER KANSAS CITY	51.1737	213
GRADWOHL SCH OF LABORATORY TECH	50.0000	2
ST LUKES HOS SCH OF MED TECHNOLOGY	50.0000	2
TARKIO COLLEGE	49.2481	266
ACADEMY OF BEAUTY CULTURE	48.0000	25
O'FALLON TECHNICAL CENTER	47.0588	68
DRAUGHON BUSINESS COLLEGE	46.7213	122
ST CHARLES SCHOOL OF HAIRDRESSING	42.1053	19
ACADEMY OF BEAUTY	41.6667	24
FERGUSON BEAUTY SCHOOL	41.3793	58
EXCELLA BEAUTY COLLEGE	40.6250	32
ELECTRONIC COMPUTER PROGRAMING INST	37.2549	102
PLATT COLLEGE	36.9153	791
ITT TECHNICAL INSTITUTE	36.5269	167
TREND INTERNATIONAL BEAUTY COLLEGE	36.3636	11
ROLLA COLLEGE OF HAIRSTYLING	35.7143	28
SANFORD-BROWN BUSINESS COLLEGE	35.3191	470
HARRIS-STUWE STATE COLLEGE	34.6939	49
ST LOUIS CNTY COL FOREST PARK CC	33.8645	251
INDEPENDENCE COLLEGE OF COSMETOLOGY	33.7349	83
BRYAN INSTITUTE/NORTHWEST	33.6000	125
ULTISSIMA BEAUTY COLLEGE ST LOUIS	33.3333	12
CLEVELAND CHIROPRACTIC COLLEGE	32.2581	124
PARK COLLEGE	32.0000	150
KIRKSVILLE AREA VOC-TECH SCHOOL	31.5789	19
MIDWEST INSTITUTE FOR MED ASSISTANT	31.4286	35
BOONSLICK AREA VOCATIONAL SCHOOL	30.7692	13
ELECTRONICS INSTITUTE	29.7674	215
NATIONAL ACADEMY OF BEAUTY ARTS	29.5082	61
ROLLA AREA VOC-TECH SCHOOL	29.2683	41
MISSOURI SCH FOR DOCTORS ASST&TECH	29.1971	137

MISSOURI (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLUMBIA COLLEGE	29.0837	251
QUEEN CITY BEAUTY SCHOOL	28.5714	14
AL-MED ACADEMY	28.3019	53
BRYAN INSTITUTE	28.0612	196
CROWDER COLLEGE	27.9070	86
SIKESTON BEAUTY COLLEGE	26.3158	19
RUTLEDGE COLLEGE	26.0870	23
KIRKSVILLE COLLEGE OF COSMETOLOGY	25.8065	31
MINERAL AREA COLLEGE	25.1799	139
MAPLE WOODS COMMUNITY COLLEGE	25.0000	56
NORTH CENTRAL AREA VOC-TECH SCHOOL	25.0000	4
CLAYTON UNIVERSITY	25.0000	4
BASIC INSTITUTE OF TECHNOLOGY	24.7312	93
ST LOUIS TECH	24.4444	45
LONGVIEW COMMUNITY COLLEGE	23.4694	98
LINCOLN UNIVERSITY	23.4375	192
NICHOLS CAREER CENTER	23.0769	39
FRANKLIN TECHNICAL SCHOOL	22.7273	22
METH HOSP & MED CTR SCH OF NURSING	22.2222	9
MEDICAL PROFESSIONS INSTITUTE	22.2222	9
ITT TECHNICAL INSTITUTE	21.8750	416
VAUGHN RICHARDS ACADEMY OF BEAUTY	21.2766	47
WEBSTER UNIVERSITY	21.0884	294
MISSOURI VALLEY COLLEGE	21.0526	76
COLUMBIA AREA VOC-TECH SCHOOL	20.8333	24
CONTROL DATA INSTITUTE	20.1031	194
ST LOUIS CMTY COL FLORISSANT VLY CC	20.0000	220
CAPE GIRARDEAU SCH OF BEAUTY CULT	20.0000	15
AVILA COLLEGE	19.6078	153
MISSOURI WESTERN STATE COLLEGE	19.2140	458
HANNIBAL LAGRANGE COLLEGE	18.6567	134
MARYVILLE COLLEGE	18.6235	247
ST LOUIS CMTY COL MERAMEC CC	18.6170	188
KANSAS CITY TECH EDUC, CTR PRAC NUR	18.5185	27
FONTBONNE COLLEGE	18.1818	110
ST LUKES HOSP SCHOOL OF NURSING	18.1818	33
INTERNATIONAL GRADUATE SCHOOL	18.1818	11
ST MARYS COLLEGE OF O'FALLON	17.8862	123
PIKE & LINCOLN COS AREA VOC-TECH SC	17.8571	28
KANSAS CITY ART INSTITUTE	17.5258	97
LINDENWOOD COLLEGE	17.3516	219
DEVRY INSTITUTE OF TECHNOLOGY	17.1501	793
MISSOURI BAPTIST COLLEGE ST LOUIS	16.9811	53
ST PAUL SCHOOL OF THEOLOGY	16.6667	18
ST LUKES HOSP-K.C. SCH OF RAD-TECH	16.6667	6
NORTHWEST MISSOURI AREA VOC-TECH	16.6667	6
BAPTIST BIBLE COLLEGE	16.4634	164
CHILLICOTHE BEAUTY ACADEMY	15.7895	19
WARRENSBURG AREA VOC-TECH SCHOOL	15.3846	13
PLATTE COUNTY AREA VOC-TECH SCHOOL	15.3846	13
HANNIBAL AREA VO-TECH SCHOOL	15.0000	20
UNIVERSITY OF MISSOURI KANSAS CITY	14.5379	963

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
JENNIE LUND SCHOOL OF PRAC NURSING	14.2857	14
MISSOURI SOUTHERN STATE COLLEGE	14.1509	318
LOGAN COLLEGE OF CHIROPRACTIC	13.9860	143
EAST CENTRAL JUNIOR COLLEGE	13.4146	82
CENTRAL BIBLE COLLEGE	13.2813	128
WILLARD J GRAFF AREA VOC-TECH CTR	13.0435	46
CHILLICOTHE AREA VOC-TECH SCHOOL	13.0435	23
SOUTHWEST BAPTIST UNIVERSITY	12.9707	239
THREE RIVERS COMMUNITY COLLEGE	12.5000	112
MISSOURI BAPT HOSP SCH OF NURSING	12.5000	16
CENTRAL MO ST UNIV MAIN CAMPUS	12.4640	1043
SOUTHEAST MISSOURI STATE COLLEGE	12.3552	1036
MIDWESTERN BAPTIST THEOL SEMINARY	12.0690	58
ST LOUIS UNIV MAIN CAMPUS	11.8553	1299
SCHOOL OF THE OZARKS	11.5385	52
SIKESTON PUB SCH AREA VOC-TECH SCH	11.4286	35
DRURY COLLEGE	11.4094	149
ST LOUIS CONSERVATORY OF MUSIC	11.1111	9
TRENTON JUNIOR COLLEGE	11.1111	45
ST LOUIS CHRISTIAN COLLEGE	11.1111	18
SOUTHWEST MISSOURI STATE UNIVERSITY	11.0514	1303
JEFFERSON COLLEGE	10.8844	147
STATE FAIR COMMUNITY COLLEGE	10.8696	46
STEPHENS COLLEGE	10.5769	104
RANKEN TECHNICAL INSTITUTE	10.1852	108
EDEN THEOLOGICAL SEMINARY	10.0000	10
N S HILLYARD AREA VOC-TECH SCHOOL	10.0000	10
WILLIAM WOODS COLLEGE	9.9099	111
ROCKHURST COLLEGE	9.5890	365
WILLIAM JEWELL COLLEGE	9.3750	256
CAPE GIRARDEAU AREA VOC-TECH SCHOOL	9.3750	32
ST PAULS COLLEGE	9.0909	11
MEXICO AREA VOC-TECH SCHOOL	9.0909	11
OZARK CHRISTIAN COLLEGE	9.0909	44
OMAR GIBSON AREA VOC TECH SCHOOL	9.0909	11
LINN TECHNICAL JUNIOR COLLEGE	8.8235	68
UNIVERSITY OF MISSOURI ST LOUIS	8.7780	581
ST MARYS SCH OF PRACTICAL NURSING	8.6957	23
EVANGEL COLLEGE	8.5821	268
UNIVERSITY OF MISSOURI COLUMBIA	8.4874	3299
WENTWORTH MILITARY ACADEMY	7.6923	13
NAZARENE THEOLOGICAL SEMINARY	7.4074	54
NORTHEAST MISSOURI STATE COLLEGE	7.4007	554
CENTRAL METHODIST COLLEGE	7.2848	151
RESEARCH COLLETE OF NURSING	7.1429	42
POPLAR BLUFF AREA VOC-TECH SCHOOL	6.6667	15
MOBERLY JUNIOR COLLEGE	6.3492	63
HICKEY SCHOOL	6.0241	332
WASHINGTON UNIVERSITY	6.0000	1150
ST LOUIS RABBINICAL COLLEGE	5.8824	17
CULVER-STOCKTON COLLEGE	5.6180	89
BURGE SCHOOL OF NURSING	5.1282	39

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CALVARY BIBLE COLLEGE	5.00000	60
DEACONESS HOSP SCH OF NURSING	5.00000	40
LUTHERAN MED CTR SCH OF NURSING	4.76190	21
PATRICA STEVENS CAREER COLLEGE	4.25532	94
UNIVERSITY OF HEALTH SCIENCES	4.24242	165
CONCORDIA SEMINARY	4.08163	98
ASSEMBLIES OF GOD THEO. SEMINARY	4.00000	25
NORTHWEST MISSOURI STATE COLLEGE	3.88350	515
WESTMINSTER COLLEGE	3.63636	110
KIRKSVILLE COL OF OSTEOPATHIC MED	3.50877	57
UNIVERSITY OF MISSOURI ROLLA	3.29920	879
ST LUKE'S HOSPITALS SCH OF NURSING	3.22581	31
ST LOUIS COLLEGE OF PHARMACY	3.19149	94
UNIVERSITY OF MISSOURI SCH OF MED	3.12500	32
BARNES HOSP SCH OF NURSING	2.12766	47
JEWISH HOSP SCH OF NURSING	1.92308	52
WASHINGTON UNIV-SCHOOL OF MEDICINE	1.38889	72
UNIVERSITY OF MISSOURI SCH OF DENT	1.12360	89
COTTEY COLLEGE	0.00000	10
CONCEPTION SEMINARY COLLEGE	0.00000	23
KENRICK SEMINARY	0.00000	2
KIRKSVILLE COL OF OSTEOPATHIC MED	0.00000	12
ST LOUIS COLLEGE OF PHARMACY	0.00000	8
BAPTIST MED CTR SCH OF RAD TECH	0.00000	1
LESTER E COX MED CTR SCH OF RAD-TEC	0.00000	5
DEACONESS HOSP SCH OF XRAY TECH	0.00000	1
ST ELIZABETH HOSP SCH OF XRAY TECH	0.00000	1
ST JOHNS HOSP SCH OF XRAY TECH	0.00000	1
ST LOUIS CO DOCHMC SCH OF RAD TECH	0.00000	2
COVENANT THEOLOGICAL SEMINARY	0.00000	9
WAYNESVILLE AREA VOC-TECH SCHOOL	0.00000	12
SALINE COUNTY CARREER CENTER	0.00000	8
TRUMAN MED CTR SCH FOR NURSE ANESTH	0.00000	1
ST JOHN'S SCHOOL OF NURSING	0.00000	54
ST LOUIS UNIV SCH OF DENTISTRY	0.00000	1
ST LOUIS UNIV SCH OF MEDICINE	0.00000	9
SOUTHWEST MO SCHOOL OF ANESTHESIA	0.00000	8
OZARK BEAUTY COLLEGE	0.00000	3
HOUSE OF HEAVILIN	0.00000	1
BARNES HOSP SCH OF ANES FOR NURSES	0.00000	3
AUTOMATION MACHINE TRAINING CTR	0.00000	1
NORTH KS CITY MEM HOSP SCH MED-TECH	0.00000	3
CHRIST SEMINARY - SEMINEX	0.00000	5
FOUR RIVERS AREA VOC TECH SCHOOL	0.00000	9
LESTER E. COX MC-SCH OF MED. TECH.	0.00000	1
KENNETT AREA VOC-TECH SCHOOL	0.00000	7
CARDINAL NEWMAN COLLEGE	0.00000	13
ST JOHNS REG HLTH CTR SCH MED TECH	0.00000	1
LEWIS & CLARK AREA VO-TECH SCHOOL	0.00000	1
C E STILL OSTEOPATHIC HOSP RAD TECH	0.00000	1
NEVADA AREA VO-TECH SCHOOL	0.00000	4
SALEM COLLEGE OF HAIRSTYLING	0.00000	3

MISSOURI (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
INDEPENDENCE MO PUB SCH HLTH OCCUP	0	1
UNIVERSITY OF HEALTH SCIENCES	0	1
ST LOUIS UNIV SCH OF MEDICINE	0	1
UNIVERSITY OF MISSOURI SCH OF MED	0	1
WASHINGTON UNIV SCH OF DENTAL MED	0	1
UNIVERSITY OF MISSOURI SCH OF PHARM	0	10

MISSISSIPPI

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WOOD JUNIOR COLLEGE	50.0000	2
RUST COLLEGE	41.3793	29
TOUGALOO COLLEGE	36.1702	47
JONES COUNTY JUNIOR COLLEGE	29.7872	94
MISS GULF COAST COLLEGE	22.0183	109
MISSISSIPPI VALLEY STATE COLLEGE	21.4286	42
MARY HOLMES COLLEGE	14.2857	7
CLARKE COLLEGE	11.1111	9
ALCORN STATE UNIVERSITY	8.8235	34
PHILLIPS JUNIOR COLLEGE	7.4803	254
MISSISSIPPI UNIVERSITY FOR WOMEN	6.9767	86
MISS GULF COAST JR COL DIST	5.2632	19
JACKSON STATE COLLEGE	3.8911	257
BELHAVEN COLLEGE	3.7037	27
BLUE MOUNTAIN COLLEGE	3.5714	28
WILLIAM CAREY COLLEGE	3.3898	59
DRAUGHONS BUSINESS COLLEGE	2.7027	74
MISSISSIPPI COLLEGE	1.6807	119
MISS GULF COAST JR COL JCKSN CO JC	1.6129	62
UNIV OF SOUTHERN MISS	1.5692	701
DELTA STATE COLLEGE	1.4184	141
HINDS JUNIOR COLLEGE	1.3072	153
MISSISSIPPI STATE UNIVERSITY	1.2966	617
NORTHEAST MISSISSIPPI JUNIOR COL	0.8929	112
UNIV OF MISS MAIN CAMPUS	0.7421	539
PHILLIPS JUNIOR COLLEGE	0.5747	174
COAHOMA JUNIOR COLLEGE	0.0000	7
COPIAH-LINCOLN JUNIOR COLLEGE	0.0000	19
EAST CENTRAL JUNIOR COLLEGE	0.0000	18
EAST MISSISSIPPI JUNIOR COLLEGE	0.0000	18
HOLMES JUNIOR COLLEGE	0.0000	14
ITAWAMBA JR COL MAIN CAMPUS	0.0000	116
MERIDIAN JUNIOR COLLEGE	0.0000	45
MILLSAPS COLLEGE	0.0000	59
MISSISSIPPI DELTA JUNIOR COLLEGE	0.0000	19
NORTHWEST MISSISSIPPI JUNIOR COL	0.0000	68
PEARL RIVER JUNIOR COLLEGE	0.0000	22
SOUTHWEST MISSISSIPPI JUNIOR COL	0.0000	13
UNIV OF MISS MEDICAL CENTER	0.0000	37
FORREST CO GEN HOSP SCH OF RAD-TECH	0.0000	2
AMERICAN BEAUTY COLLEGE	0.0000	12
MISS BAPT MED CTR SCH OF RAD TECH	0.0000	1
PHILLIPS COLLEGE-TECH TRAINING DIV	0.0000	27
JACKSON BARBER & HAIRSTYLING COL	0.0000	14
NORTH MISS MED CTR SCH OF MED TECH	0.0000	4
JEFFIE LILES ACADEMY OF HAIR DESIGN	0.0000	10
MITA'S BEAUTY COLLEGE	0.0000	9
ACADEMY OF HAIR DESIGN	0.0000	23
GRENADA BEAUTY COLLEGE	0.0000	25
DELTA BEAUTY COLLEGE	0.0000	22
FOSTER'S COSMETOLOGY COLLEGE	0.0000	17
UNIV OF MISS MED CTR SCH OF MED	0.0000	31

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF MISS MED CTR SCH OF DENT	0	19
MISSISSIPPI STATE U./SCH OF VET MED	0	1

MONTANA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SALISH KOOTENAI COMMUNITY COLLEGE	100.000	1
BUTTE ACADEMY OF BEAUTY CULTURE	50.000	2
FLATHEAD VALLEY COMMUNITY COLLEGE	33.333	39
DAHLS COLLEGE OF BEAUTY	27.778	36
BUTTE VOC TECH CENTER	27.586	58
BILLINGS VOC TECH CENTER	26.415	106
DAWSON COLLEGE	25.000	20
ACME BEAUTY COLLEGE	25.000	12
LANAE'S COLLEGE OF BEAUTY	25.000	4
COLLEGE OF COIFFURE ART	23.810	21
GREAT FALLS VOC TECH CENTER	22.892	83
NORTHERN MONTANA COLLEGE	21.891	201
MILES COMMUNITY COLLEGE	19.697	66
MR MACK'S BOZEMAN BEAUTY COLLEGE	19.048	21
COLLEGE OF GREAT FALLS	18.462	65
EASTERN MONTANA COLLEGE	17.971	345
MAY SCHOOL OF BROADCASTING	16.129	31
ROCKY MOUNTAIN COLLEGE	14.894	47
HELENA VOC TECH CENTER	12.800	125
MISSOULA TECHNICAL CENTER	12.397	121
UNIVERSITY OF MONTANA	9.570	721
MILES CITY COLLEGE OF BEAUTY	9.091	11
CARROLL COLLEGE	8.333	84
MONTANA COL OF MINERAL SCI & TECH	7.955	88
MONTANA STATE UNIVERSITY	7.670	1030
WESTERN MONTANA COLLEGE	6.383	47
MONTANA DEAC MC SCH OF RAD TECH	0.000	5
ST PATRICK HOSP SCH OF RAD TECH	0.000	2
ST VINCENTS HOSP SCH OF RAD-TECH	0.000	3

NORTH CAROLINA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
DURHAM COLLEGE	100.000	1
SAMPSON TECHNICAL INSTITUTE	66.667	12
MCDOWELL TECHNICAL INSTITUTE	62.500	8
RUTLEDGE COLLEGE OF CHARLOTTE	62.500	40
RUTLEDGE COLLEGE OF GREENSBORO	60.870	46
RUTLEDGE COLLEGE OF DURHAM	59.524	42
RUTLEDGE COLLEGE OF WINSTON-SALEM	58.491	53
RUTLEDGE COLLEGE OF FAYETTEVILLE	56.667	60
ST AUGUSTINES COLLEGE	54.651	86
REX HOSP SCH OF RAD TECH	50.000	2
RICHMOND TECHNICAL INST	50.000	8
MITCHELL'S HAIR STYLING ACADEMY	50.000	2
ELIZABETH CITY STATE COLLEGE	49.180	61
LIVINGSTONE COLLEGE	48.780	41
JOHNSON C SMITH UNIVERSITY	47.748	111
WILKES COMMUNITY COLLEGE	46.154	13
RUTLEDGE COLLEGE	45.714	35
MONTGOMERY TECHNICAL INSTITUTE	41.176	17
ROCKINGHAM COMMUNITY COLLEGE	40.000	5
PAMLICO TECHNICAL COLLEGE	40.000	5
BARBER-SCOTIA COLLEGE	37.500	32
EDGECOMBE TECHNICAL COLLEGE	36.842	19
WESTERN PIEDMONT COMMUNITY COLLEGE	34.615	26
N C CENTRAL UNIVERSITY	33.531	337
JOHN WESLEY COLLEGE	33.333	3
SHAW UNIVERSITY	33.333	36
MARTIN TECHNICAL INSTITUTE	33.333	3
HAYWOOD TECHNICAL COLLEGE	33.333	27
EAST COAST BIBLE COLLEGE	33.333	9
FAYETTEVILLE BEAUTY COLLEGE	33.333	6
MILLER-MOTTE BUSINESS COLLEGE	30.612	49
N C AGRI & TECH STATE UNIV	30.839	334
BLANTONS BUSINESS COLLEGE	29.730	37
FAYETTEVILLE STATE UNIV	29.412	68
WINSTON SALEM STATE UNIVERSITY	28.986	69
PIEDMONT TECHNICAL INSTITUTE	28.571	7
GUILFORD TECHNICAL COMMUNITY COLLE	27.848	79
GASTON COLLEGE	27.778	18
ASHEVILLE-BUNCOMBE TECH COLLEGE	27.273	22
BENNETT COLLEGE	26.786	56
CAPE FEAR TECHNICAL INSTITUTE	25.714	35
SOUTHEASTERN COMMUNITY COLLEGE	25.000	8
CLEVELAND COUNTY TECHNICAL INST	25.000	8
MAYLAND TECHNICAL INSTITUTE	25.000	12
PEMBROKE STATE COLLEGE	24.658	73
SHERRILLS UNIVERSITY OF COSMETOLOGY	23.913	46
WAYNE COMMUNITY COLLEGE	23.529	34
MITCHELL COMMUNITY COLLEGE	22.222	9
WILSON COUNTY TECHNICAL INSTITUTE	22.222	36
JOHN ROBERT POWERS SCHOOL	21.739	23
FAYETTEVILLE TECHNICAL INSTITUTE	21.053	19
FORSYTH TECHNICAL INSTITUTE	20.588	34

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CHOWAN COLLEGE	20.3390	59
CENTRAL PIEDMONT COMMUNITY COLLEGE	20.0000	85
CALDWELL CMTY COL & TECH INST	20.0000	20
LOUISBURG COLLEGE	19.5122	41
CENTRAL CAROLINA TECHNICAL INST	19.0476	21
SOUTHWESTERN TECHNICAL INSTITUTE	18.7500	16
HALIFAX COMMUNITY COLLEGE	18.5185	27
METHODIST COLLEGE	17.3333	75
SACRED HEART COLLEGE	16.6667	12
PITT COMMUNITY COLLEGE	16.6667	48
ROANOKE-CHOWAN TECHNICAL COLLEGE	16.6667	36
CECILS JUNIOR COLLEGE OF BUSINESS	16.6667	48
HARDBARGER BUSINESS COLLEGE	16.3265	98
KINGS COLLEGE	16.1972	142
N C SCHOOL OF THE ARTS	15.7895	38
RANDOLPH TECHNICAL COLLEGE	15.6250	32
MONTREAT-ANDERSON COLLEGE	15.3846	13
CAROLINA COASTAL COMMUNITY COLLEGE	15.3846	13
NORTH CAROLINA WESLEYAN COLLEGE	14.2857	77
TECHNICAL COLLEGE OF ALAMANCE	13.8889	36
MOUNT OLIVE COLLEGE	12.5000	16
PEACE COLLEGE OF RALEIGH	12.5000	8
SURRY COMMUNITY COLLEGE	12.5000	8
TROUTMANS COLLEGE OF HAIR STYLING	12.5000	24
UNIV OF N CAROLINA AT ASHVILLE	11.1111	45
PFEIFFER COLLEGE	11.1111	54
SANDHILLS COMMUNITY COLLEGE	11.1111	18
CATAWBA VALLEY TECHNICAL INSTITUTE	11.1111	18
CRAVEN COMMUNITY COLLEGE	11.1111	9
JAMES SPRUNT INSTITUTE	11.1111	9
QUEENS COLLEGE	10.8108	37
PIEDMONT BIBLE COLLEGE	10.5263	19
BEAUFORT COUNTY COMMUNITY COLLEGE	10.5263	19
AMERICAN BUSINESS & FASHION INST	10.3448	58
DAVIDSON COUNTY COMMUNITY COLLEGE	10.0000	10
BLUE RIDGE TECHNICAL INSTITUTE	10.0000	10
WESTERN CAROLINA UNIVERSITY	9.8859	263
WAKE TECHNICAL COLLEGE	9.8592	71
CAMPBELL UNIVERSITY	9.3264	193
GARDNER-WEBB COLLEGE	9.0000	100
UNIV OF N CAROLINA AT GREENSBORO	8.1019	432
CATAWBA COLLEGE	8.0000	75
UNIV OF N CAROLINA AT CHARLOTTE	7.7859	411
JOHNSTON TECHNICAL INSTITUTE	7.1429	28
EAST CAROLINA UNIV MAIN CAMPUS	6.7736	561
LENOIR CO CMTY COL MAIN CAMPUS	6.6667	30
ST ANDREWS PRESBYTERIAN COLLEGE	6.6667	60
MEREDITH COLLEGE	6.2500	80
WINGATE COLLEGE	5.9524	84
LEES-MCRAE COLLEGE	5.8824	34
PIEDMONT AEROSPACE INSTITUTE	5.8824	34
LENOIR-RHYNE COLLEGE	5.6075	107

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF N CAROLINA AT WILMINGTON	5.55556	252
ROWAN TECHNICAL INSTITUTE	5.55556	18
N C STATE UNIV RALEIGH	5.54913	865
BABCOCK GRAD SCH MGMT WAKE FOREST U	5.26316	19
STANLEY TECHNICAL INSTITUTE	5.26316	19
MARS HILL COLLEGE	5.19481	77
ATLANTIC CHRISTIAN COLLEGE	5.05051	99
BREVARD COLLEGE	4.76190	21
GREENSBORO COLLEGE	4.65116	43
BELMONT ABBEY COLLEGE	4.44444	90
WARREN WILSON COLLEGE	4.44444	45
GUILFORD COLLEGE	4.39560	91
ELON COLLEGE	3.79747	158
HIGH POINT COLLEGE	3.75000	80
APPALACHIAN STATE UNIVERSITY	3.44828	522
WAKE FOREST UNIVERSITY	3.26531	245
UNIV OF N CAROLINA AT CHAPEL HILL	3.25630	952
DUKE UNIV	2.41730	786
COLLEGE OF THE ALBEMARLE	0.00000	7
DAVIDSON COLLEGE	0.00000	65
ISOTHERMAL COMMUNITY COLLEGE	0.00000	3
SALEM COLLEGE	0.00000	41
ST MARYS COLLEGE	0.00000	8
WAKE FOREST BOWMAN GRAY MEDICAL COL	0.00000	33
DURHAM CO GEN HOSP PROG RAD-TECH	0.00000	3
CABARRUS MEM HOSP SCH OF NURSING	0.00000	1
PRESBYTERIAN HOSP SCH OF NURSING	0.00000	6
WATTS HOSP SCH OF NURSING	0.00000	10
COMMERCIAL COL OF ASHEBORO INC	0.00000	5
CARTERET TECHNICAL INSTITUTE	0.00000	14
CRAVEN CO TECHNICAL INST	0.00000	1
DUKE UNIV MED CTR SCH OF CYTO-TECH	0.00000	1
NASH TECHNICAL INSTITUTE	0.00000	7
ROBESON TECHNICAL INSTITUTE	0.00000	10
TRI COUNTY TECHNICAL INSTITUTE	0.00000	1
VANCE-GRANVILLE COMMUNITY COLLEGE	0.00000	2
DURHAM CO GEN HOSP SCH ANES FOR NUR	0.00000	3
SALISBURY BUSINESS COLLEGE	0.00000	8
CHARLOTTE MEM HOSP SCH OF MED TECH	0.00000	1
CHARLOTTE MEM HOSP SCH OF NUR ANEST	0.00000	1
MR DAVID'S SCHOOL OF HAIR DESIGN	0.00000	1
SIR WALTER BEAUTY ACADEMY	0.00000	5
DUKE UNIVERSITY SCH OF MEDICINE	0.00000	18
UNIV OF N CAROLINA SCH OF MEDICINE	0.00000	27
BOWMAN-GRAY SCHOOL OF MEDICINE	0.00000	43
UNIV OF N CAROLINA SCH OF DENTISTRY	0.00000	45
UNIV OF N CAROLINA SCH OF PHARMACY	0.00000	15
UNIV OF N CAROLINA SCH OF PUB HLTH	0.00000	1
EAST CAROLINA UNIV SCH OF MEDICINE	0.00000	5

NORTH DAKOTA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
STANDING ROCK COLLEGE	80.0000	20
AAKERS BUSINESS COLLEGE	16.1290	62
JOSEFS SCHOOL OF HAIR DESIGN	16.0000	25
INTERSTATE BUSINESS COLLEGE	10.3846	260
TRINITY BIBLE COLLEGE	9.5238	63
HAIRDESIGNERS ACADEMY	7.4074	27
JAMESTOWN COLLEGE	6.9444	72
NO DAKOTA ST UNIV BOTTINEAU BRANCH	6.8966	29
NO DAKOTA ST SCHOOL OF SCIENCE	5.2288	459
UNIV OF NORTH DAKOTA MAIN CAMPUS	4.9917	1202
NO DAKOTA ST UNIV CENTRAL OFFICE	4.7952	1001
VALLEY CITY STATE COLLEGE	3.5294	85
ST LUKES HOSP SCH OF NURSING	2.5641	39
DICKINSON STATE COLLEGE	1.7391	115
UNIV OF NORTH DAKOTA WILLISTON CTR	1.6949	59
MAYVILLE STATE COLLEGE	1.0989	91
BISMARCK JUNIOR COLLEGE	0.9662	207
MARY COLLEGE	0.8197	122
NORTH DAKOTA STATE UNIV, MINOT	0.4167	240
LAKE REGION COMMUNITY COLLEGE	0.0000	42
NORTHWEST BIBLE COLLEGE	0.0000	19
UNITED HOSP GRD FRK CLIN PROG RAD-T	0.0000	4
ST ALEXIUS MED CTR SCH OF RAD TECH	0.0000	1
ST JOHNS HOSP SCH OF XRAY TECH	0.0000	1
ST JOSEPHS HOSP SCH OF RAD-TECH	0.0000	1
TRINITY SCHOOLS OF NURSING	0.0000	35
MR D TOWN & COUNTRY BEAUTY COL	0.0000	21
ST LUKES HOSP SCH OF RAD-TECH	0.0000	5
CENTRAL NO DAKOTA SCH NURS ANESTHET	0.0000	5
JOSEFS SCHOOL OF HAIR DESIGN	0.0000	25
JOSEFS SCHOOL OF HAIR DESIGN	0.0000	31
NO DAKOTA ST UNIV MAIN CAMPUS	0.0000	3
MEDCENTER ONE SCHOOL OF NURSING	0.0000	9
ST LUKES HOSP SCH OF ANESTHESIA	0.0000	4
TURTLE MT SCH OF PARA-MED TECHNIQUE	0.0000	1
GRAND FORKS SCH OF ANESTHESIA	0.0000	1
R D HAIRSTYLING COLLEGE	0.0000	19
MEDCENTER ONE/QUAIN/RAMSTAD CLINIC	0.0000	3
UNIV OF NORTH DAKOTA SCH OF MED	0.0000	11
NORTH DAKOTA STATE UNIVERSITY	0.0000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CREIGHTON UNIVERSITY SCH OF MED	100.000	1
PATRICIA STEVENS FASH & BUS COLLEGE	85.714	7
GRAND ISLAND EDUCATION CENTER CTCCA	67.105	76
BAHNER COLLEGE OF HAIRSTYLING	51.515	33
METROPOLITAN TECHNICAL CMTY COLLEGE	51.436	383
SOUTHEAST COMMUNITY COLLEGE	50.000	14
GRAND ISLAND SCHOOL OF BUSINESS	50.000	2
CONSTANTINO SCHOOL OF HAIRDRESSING	50.000	8
CAPITOL BEAUTY SCHOOL INC	40.244	82
QUEEN ANN BEAUTY SCHOOL	40.000	20
ALTHOUSE SCHOOL OF BEAUTY COLLEGE	37.500	8
OMAHA COLLEGE OF HEALTH CAREERS	37.126	167
WESTERN NEBRASKA TECH CMTY COL	36.735	49
UNIVERSAL TECHNICAL INSTITUTE	36.364	132
CENTRAL NE TECH CC	35.371	229
NEBRASKA COLLEGE OF BUSINESS	33.854	192
BARBER COLLEGE/PROFESSIONAL ART,INC	31.034	29
YORK COLLEGE	30.928	97
STEWART SCHOOL OF HAIRSTYLING	30.769	52
BELLEVUE COLLEGE	29.730	259
ELECTRONIC COMPUTER PROG INST-OMAHA	27.737	137
GATEWAY ELECTRONICS INSTITUTE	27.273	88
PLATTE TECH CMTY COL	26.316	76
JOSEPH'S COLLEGE OF BEAUTY	25.926	27
PERU STATE COLLEGE	25.455	110
UNIV OF NEBRASKA SCH OF TECH AGRIC	25.000	24
PLATTE VALLEY BIBLE COLLEGE	25.000	4
LINCOLN SCHOOL OF COMMERCE	24.242	198
LINCOLN NEBRASKA TECH CMTY COL	23.873	377
MID-PLAINS COMMUNITY COLLEGE	23.810	84
UNIV OF NEBRASKA AT OMAHA	23.398	1389
NORTHEAST NEBRASKA TECH CMTY COL	22.059	136
COLLEGE OF ST MARY	21.678	143
UNION COLLEGE	21.168	137
WEST NB TECH CMTY COL SCOTTSBLUFF	20.000	95
MCCOOK TECH CMTY COL	18.750	16
BAHNER COLLEGE OF HAIRSTYLING	17.647	17
JOSEPH'S COLLEGE OF BEAUTY	17.241	29
JOSEPHS COLLEGE OF BEAUTY	16.667	12
DANA COLLEGE	13.924	79
HASTINGS COLLEGE	13.684	95
CONCORDIA TEACHERS COLLEGE	13.103	145
MIDLAND LUTHERAN COLLEGE	12.977	131
BAHNER COLLEGE OF HAIRSTYLING	12.245	49
KEARNEY STATE COLLEGE	11.742	792
BISHOP CLARKSON MEM HOSP COL OF NUR	11.475	61
CREIGHTON UNIVERSITY	11.155	502
NEBRASKA WESLEYAN UNIVERSITY	10.280	107
WAYNE STATE COLLEGE	10.280	321
MARY LANNING MEM HOSP SCH OF NURS	10.000	30
NEBRASKA METH HOSP SCH OF NURSING	9.836	61
SOUTHEAST COMMUNITY COLLEGE-MILFORD	9.609	281

NEBRASKA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CHADRON STATE COLLEGE	9.27152	151
UNIV OF NEBRASKA MAIN CAMPUS	9.09931	2165
BRYAN MEM HOSP SCH OF NURSING	9.09091	33
NEBRASKA CHRISTIAN COLLEGE	9.09091	11
DOANE COLLEGE	8.51064	94
JOSEPHS COLLEGE OF BEAUTY	8.16327	49
JOSEPHS COLLEGE OF BEAUTY	7.69231	13
GRACE COLLEGE OF THE BIBLE	7.40741	27
COLLEGE OF HAIR DESIGN-COSMOT. DIV.	6.06061	33
CREIGHTON UNIVERSITY SCH OF PHARM	6.06061	33
UNIV OF NEBRASKA MED CTR SCH OF MED	4.44444	45
UNIV OF NEBRASKA COL OF DENT	2.38095	42
UNIV OF NEBRASKA MEDICAL CENTER	1.98675	151
ARCH BERGAN MEREY HOSP RAD-TECH PRG	0.00000	5
ST JOSEPH HOS RADIOLOGIC TEC PROG	0.00000	2
MARY LANNING MEM HOSP SCH XRAY TECH	0.00000	4
WEST NE GEN HOSP SCH OF RAD-TECH	0.00000	2
WEST NEBRASKA GEN HOSP-SCH OF NURS	0.00000	7
IMMANUEL HOSP SCH OF RAD-TECH	0.00000	2
GRAND ISLAND BEAUTY SCHOOL	0.00000	4
ARCHBISHOP BERGEN MERCY HOS/SCH-MED	0.00000	1
JOSEPHS OF KEARNEY SCH OF HAIR DSGN	0.00000	22
CREIGHTON UNIVERSITY SCH OF MED	0.00000	35
CREIGHTON UNIV BOYNE SCH DENTAL SCI	0.00000	46
UNIV OF NEBRASKA COL OF PHARMACY	0.00000	16

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
EMPIRE BEAUTY SCHOOL #2	63.6364	22
EMPIRE BEAUTY SCHOOL #3	40.0000	15
MICHAEL'S SCHOOL OF HAIR DESIGN	24.3243	37
WHITE PINES COLLEGE	23.0769	13
KEENE BEAUTY ACADEMY	22.2222	9
MERRIMACK VALLEY COL UNIV SYS OF NH	20.4545	44
EMPIRE BEAUTY SCHOOL	20.0000	15
NEW HAMPSHIRE VOC TECH COL-MNCHSTR	19.0476	63
HESSER COLLEGE	16.6667	276
NEW HAMPSHIRE VOC TECH COL-NASHUA	14.7059	34
HOULES BEAUTY ACADEMY INC	14.2857	21
ST JOSEPH HOSP SCH OF PRACT NURSING	14.2857	7
PORTSMOUTH BTY SCH OF HAIR DESIGN	12.5000	16
NOTRE DAME COLLEGE	12.2449	98
NEW HAMPSHIRE VOC TECH COL-BERLIN	12.2222	90
NEW HAMPSHIRE VOC TECH COL-LACONIA	11.7647	51
NEW HAMPSHIRE COLLEGE	11.5269	668
UNIV OF N H KEENE ST COLLEGE	10.8932	459
UNIV OF N H PLYMOUTH ST COLLEGE	10.6250	480
CONTINENTAL ACADEMIE OF HAIR DESIGN	10.5263	19
DANIEL WEBSTER COLLEGE	10.0000	100
NEW ENGLAND SCHOOL OF HAIR DESIGN	10.0000	10
FRANKLIN PIERCE COLLEGE	9.6774	217
NEW ENGLAND COL OF ACCT & COMMERCE	9.5890	146
NEW HAMPSHIRE TECHNICAL INSTITUTE	8.2418	182
FRANKLIN PIERCE LAW CENTER	7.8125	64
COLBY-SAWYER COLLEGE	7.4627	67
NEW HAMPSHIRE VOC TECH COL-CLAREMNT	7.0000	100
MCINTOSH COLLEGE	6.3830	47
HAWTHORNE COLLEGE	5.7971	69
RIVIER COLLEGE	5.0360	139
NEW HAMPSHIRE VOC TECH COL-PRTSMTH	5.0000	60
CONCORD HOSP SCH OF NURSING	5.0000	20
UNIV OF N H	4.7138	1485
NEW ENGLAND TECHNICAL INSTITUTE	4.5455	22
CASTLE JUNIOR COLLEGE	4.1667	24
DARTMOUTH COLLEGE	2.0067	598
ST ANSELMS COLLEGE	0.7519	266
CANAAN COLLEGE	0.0000	1
CHESHIRE HOSP SCH OF NURSING	0.0000	8
PIERCE COLLEGE FOR WOMEN	0.0000	1
MARY HITCHCOCK MEM HOSP SCH NURS AN	0.0000	2
NEW HAMPSHIRE BARBER COLLEGE	0.0000	8
MAGDALEN COLLEGE	0.0000	3
DARTMOUTH COLLEGE MEDICAL SCHOOL	0.0000	18

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WARREN COUNTY TECHNICAL SCHOOL	100.000	1
MERCER M/C SCHOOL OF NURSING	100.000	1
RUTGERS UNIV UNIVERSITY COLLEGE	100.000	1
ST BARNABAS MED CTR SCH OF PRAC NUR	100.000	1
FRANKLIN BEAUTY ACADEMY	69.697	33
STANDARD ACADEMY OF BEAUTY CULTURE	66.667	6
BILINGUAL INSTITUTE	63.158	19
WILFRED ACAD OF HAIR & BEAUTY CULT	59.677	62
WILFRED ACAD OF HAIR & BEAUTY CULT	59.606	203
SAWYER SCHOOL OF ELIZABETH	56.777	273
FIRST SCH OF SEC/PARALEGAL STUDIES	55.909	220
P B METHOD OF HAIR DESIGN	55.072	69
INSTITUTE OF BUSINESS & TECHNOLOGY	54.832	476
WILFRED ACAD OF HAIR & BEAUTY CULT	54.674	567
SMITH'S INSTITUTE OF COSMETOLOGY	54.545	11
WILFRED ACAD OF HAIR & BEAUTY CULT	53.012	83
ASSOCIATED BUSINESS CAREERS	52.997	317
EMPIRE TECHNICAL SCH OF NEW JERSEY	52.147	163
HUDSON AREA SCHOOL OF RAD TECH	50.000	2
SCHOOL OF BUSINESS MACHINES	48.824	170
ESSEX COLLEGE OF BUSINESS	47.244	508
DRAKE COLLEGE OF BUSINESS	46.154	13
DRAKE SECRETARIAL COLLEGE	44.444	9
GENERAL TECH INSTITUTE INC	42.857	7
RUTGERS UNIV LIVINGSTON COLLEGE	42.857	7
NEW HORIZONS INST OF COSMETOLOGY	42.857	21
ESSEX CO COLLEGE	42.544	228
ACADEMY OF BUSINESS CAREERS	42.130	216
WILFRED ACAD OF HAIR & BEAUTY CULT	41.975	81
JOSEPH PATERNO COL OF BEAUTY CULT	41.667	12
WILFRED ACAD OF HAIR & BEAUTY CULT	41.538	65
WILFRED ACAD OF HAIR & BEAUTY CULT	40.000	5
ATLANTIC COUNTY VOCATIONAL SCHOOL	37.500	16
ROBERT-WALSH BUSINESS SCHOOL	33.618	351
CUMBERLAND COUNTY COLLEGE	33.333	42
GLOUCESTER COUNTY COLLEGE	33.333	66
LYONS INSTITUTE	33.333	9
RIVERVIEW HOSP SCH OF XRAY TECH	33.333	3
HARRIS SCHOOL OF BUSINESS	32.653	98
REIGNBOW BEAUTY ACADEMY	32.432	37
CLIFTON SCHOOL OF BUSINESS	31.890	254
OCEAN COUNTY COLLEGE	31.858	113
MERCER COUNTY COMMUNITY COLLEGE	31.633	196
NATURAL MOTION INST OF HAIR DESIGN	30.612	49
PLAZA SCHOOL OF DRAFTING	30.508	59
BLOOMFIELD COLLEGE	30.435	115
SALEM COMMUNITY COLLEGE	30.435	23
PASSAIC COUNTY CMTY COLLEGE	30.233	43
HUDSON COUNTY COMMUNITY COLLEGE	29.032	31
ATLANTIC COMMUNITY COLLEGE	28.966	145
MAISON DE PARIS BEAUTY COLLEGE	28.571	28
INSTITUTE OF BUSINESS CAREERS	28.571	7

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
PARISIAN BEAUTY SCHOOL	27.7778	54
BETH MEDRASH GOVOHO OF AMERICA	27.7778	18
DOROTHY ARISTONE'S PARAMED/BUS PROF	27.4074	135
WILFRED ACAD OF HAIR & BEAUTY CULT	26.4706	68
FRANKLIN BEAUTY SCHOOL	25.8065	31
CAPRI INSTITUTE OF HAIR DESIGN	25.4902	51
CAPE MAY AREA VOC TECH SCHOOL	25.0000	12
RABBINICAL COLLEGE OF AMERICA	25.0000	4
CAMDEN CO VOC TECH SC GLOUC TWP CAM	25.0000	8
BERGEN PINES CO HOSP SCH - PRAC NUR	25.0000	4
UNION COUNTY VOC-TECH SCHOOLS	25.0000	4
TETERBORO SCHOOL OF AERONAUTICS INC	24.6575	73
VINELAND ACADEMY OF BEAUTY CULTURE	24.1379	29
PENNCO TECH	24.0000	50
MIDDLESEX CO COLLEGE	23.8579	197
OMEGA INSTITUTE	23.8095	63
LYONS INSTITUTE	23.6111	216
UNION COUNTY COLLEGE	23.2759	116
JERSEY CY STATE COLLEGE	23.2044	181
SOMERSET COUNTY TECHNICAL INSTITUTE	23.0769	13
UPSALA COLLEGE	22.8346	127
WILFRED ACAD OF HAIR & BEAUTY CULT	22.2222	27
UNION TECHNICAL INSTITUTE	22.2222	135
FAIRLEIGH DICKINSON U ED WILLIAMS C	21.8750	32
SHORE BEAUTY SCHOOL	21.4286	14
STAR TECHNICAL INSTITUTE	20.5882	34
HEALTH CAREERS ACADEMY	20.2899	69
HELENE FULD HOSP SCH NURSING	20.0000	5
UMDNJ - SCH OF ALLIED HEALTH PROF	20.0000	10
MED CTR PRINCETON SCH PRAC NURSING	20.0000	5
ANTHONY PLACIDOS SCH OF HAIR DESIGN	20.0000	30
ST PETERS COLLEGE	19.2857	140
CAMDEN COUNTY COLLEGE	19.0476	84
BURLINGTON CO COLLEGE	18.8406	69
NATL EDUCATION CENTER-BRYMAN CAMPUS	18.8406	69
LINCOLN TECHNICAL INSTITUTE	18.8235	170
RUTGERS UNIV NEWARK CAMPUS	18.8202	356
ROMAN ACADEMY OF BEAUTY CULTURE	18.7500	16
HOLY NAME HOSP SCH OF NURSING	18.1818	11
CONCORDE SCHOOL OF HAIR DESIGN	18.1818	11
BRICK COMPUTER SCIENCE INSTITUTE	17.7778	135
BERDAN INSTITUTE	17.6471	34
STUART SCHOOL	17.5439	57
COUNTY COLLEGE OF MORRIS	17.4194	155
TAYLOR BUSINESS INSTITUTE	17.1779	163
LINCOLN TECHNICAL INSTITUTE	16.9611	283
ST FRANCIS HOSP SCH OF NURSING	16.6667	6
CENTURY INST OF COURT REPORTING	16.6667	24
HOSP CTR AT ORANGE-NUCLEAR MED TECH	16.6667	6
SPECTRUM INST OF ADVERTISING ARTS	16.6667	6
NASH ACADEMY OF ANIMAL ARTS	16.6667	18
UMDNJ - RUTGERS MEDICAL SCHOOL	16.6667	12

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BERGEN COMMUNITY COLLEGE	16.2791	129
NORTHEASTERN BIBLE COLLEGE	16.0000	25
DIVERS ACAD OF THE EASTERN SEABOARD	15.7895	38
KEAN COLLEGE OF NEW JERSEY	15.7767	412
ELECTRONIC COMPUTER PROGRAMING INST	15.6250	32
JF KENNEDY MED CTR SCH NUC MED TECH	15.3846	13
DOVER BUSINESS COLLEGE	15.0000	60
NATL EDUCATION CENTER-RETS CAMPUS	15.0000	100
BROOKDALE COMMUNITY COLLEGE	14.8438	128
GLASSBORO STATE COLLEGE	14.6484	512
CENTENARY COLLEGE	14.4737	76
ELIZABETH GEN MED CTR SCHOOL OF NUR	14.2857	7
SOMERSET COUNTY COLLEGE	14.2857	42
GEORGIAN COURT COLLEGE	14.0351	57
FAIRLEIGH DICKINSON U MAIN CAMPUS	13.2911	158
DEVRY TECHNICAL INSTITUTE	13.2879	587
CALDWELL COLLEGE	13.0435	46
FELICIAN COLLEGE	13.0435	23
CITTONE INSTITUTE	12.7976	336
RAMAPO COLLEGE OF NEW JERSEY	12.6214	206
MORRIS CO AREA VOC TECH SCHOOL	12.5000	8
CAPRI INSTITUTE OF HAIR DESIGN	12.5000	8
ST PETERS MED CTR SCH OF NURSING	11.1111	9
RICHARD STOCKTON STATE COLLEGE	11.0215	372
BERKLEY SCHOOL OF BERGEN	10.7143	140
RUTGERS UNIV CAMDEN CAMPUS	10.5820	189
CAPRI INSTITUTE OF HAIR DESIGN	10.5263	19
ANN MAY SCHOOL OF NURSING	10.0000	10
J KUBERT SCH OF CARTOON/GRAPHIC ART	10.0000	10
AMERICAN BUSINESS ACADEMY	9.8039	51
SETON HALL UNIV	9.2593	540
IMMACULATE CONCEPTION SEMINARY	9.0909	11
NEW JERSEY INSTITUTE OF TECHNOLOGY	9.0909	253
TRENTON STATE COLLEGE	8.4715	543
RUTGERS UNIV DOUGLASS COLLEGE	8.3333	12
RUTGERS UNIV CENTRAL OFFICE	8.1081	1887
METROPOLITAN TECHNICAL INSTITUTE	8.0000	25
UMDNJ - NEW JERSEY MEDICAL SCHOOL	7.2581	124
MONMOUTH COLLEGE	7.1429	210
TAYLOR BUSINESS INST AT MANASQUAN	7.1429	84
WILLIAM PATERSON COL OF NEW JERSEY	6.4516	403
GARDEN ST ACAD OF BEAUTY CULTURE	6.2500	16
WESTMINSTER CHOIR COLLEGE	6.0000	50
STAFFORD HALL SCHOOL OF BUSINESS	5.8824	17
MONTCLAIR STATE COLLEGE	5.8537	615
FAIRLEIGH DICKINSON U TEANECK CAMPU	5.5710	359
GLOUCESTER CTY AREA VOC-TECH SCHOOL	5.5556	18
MUHLENBERG HOSP SCHOOL OF NURSING	5.2632	19
BERKELEY SCHOOL	5.2174	115
MONMOUTH CO VOCATIONAL SCHOOL	5.0000	20
CAPRI INSTITUTE OF HAIR DESIGN	4.7619	21
KATHARINE GIBBS SCHOOL	4.6512	129

NEW JERSEY (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UMDNJ - RUTGERS MEDICAL SCHOOL	4.65116	86
RIDER COLLEGE	4.60705	369
TAYLOR BUSINESS INSTITUTE	4.21053	95
FAIRLEIGH DICKINSON U MADISON CAMP	4.18605	215
DREW UNIVERSITY	4.04040	198
STEVENS INSTITUTE OF TECHNOLOGY	3.53535	198
PRINCETON UNIVERSITY	2.40296	541
PRINCETON THEOLOGICAL SEMINARY	2.38095	42
CHUBB INSTITUTE FOR COMPUTER TECH	2.38095	84
COLLEGE OF ST ELIZABETH	2.32558	43
UMDNJ - NEW JERSEY DENTAL SCHOOL	1.88679	53
SETON HALL UNIV SCHOOL OF LAW	0.84746	118
DON BOSCO COLLEGE	0.00000	1
NEW BRUNSWICK THEOLOGICAL SEMINARY	0.00000	5
SETON HALL UNIV NEWARK CAMPUS	0.00000	3
BETH MEDRASH GOVOHO OF AMERICA	0.00000	6
COOPER HOSP UNIV MED CTR SCH MED TE	0.00000	4
HACKENSACK HOSP SCH OF RAD TECH	0.00000	1
OVERLOOK HOSP SCH OF RADIOGRAPHY	0.00000	2
ST FRANCIS MED CTR SCH OF RAD TECH	0.00000	1
VALLEY HOSP SCH OF XRAY TECH	0.00000	2
MIDDLESEX CO VOC TECH HIGH SCHOOL	0.00000	1
SUSSEX COUNTY VOC TECH SCHOOL	0.00000	1
MOUNTAINSIDE HOSP SCH OF RADIOGRAPH	0.00000	2
UNION CO TECHNICAL INSTITUTE	0.00000	1
CE GREGORY SCH NUR - R.R.H.S.C.	0.00000	1
CHRIST HOSPITAL SCHOOL OF NURSING	0.00000	2
CLARA MAASS MEDICAL CTR SCH OF NURS	0.00000	3
ENGLEWOOD HOSP SCH OF NURSING	0.00000	9
MOUNTAINSIDE HOSP SCH OF NURSING	0.00000	7
WINIFRED B BALDWIN SCH OF NURSING	0.00000	3
ST FRANCIS HOSP SCH OF NURSING	0.00000	3
RUTGERS THE STATE UNIV MAIN CAMPUS	0.00000	6
WEST JERSEY HOSP H FULD SCH OF NURS	0.00000	11
RUTGERS STATE UNIV ALL CAMPUSES	0.00000	1
CLARA MAASS MED CTR RADIOGRAPHY PRG	0.00000	1
UMDNJ - GRAD SCH OF BIOMEDICAL SCI	0.00000	5
MONMOUTH MED CTR SCH OF RAD-TECH	0.00000	1
ST JOSEPH'S HOSP/MED CTR SCH/MEDTE	0.00000	1
UMDNJ - NEW JERSEY SCH OF OSTEO MED	0.00000	19
OVERLOOK HOSP SCH. NUCLEAR MED/TECH	0.00000	1
ST BARNABAS M/C SCHOOL OF RESP THER	0.00000	3
POPKIN SCHOOL OF COURT REPORTING	0.00000	4
JERSEY SHORE MEDICAL CENTER SCH/ANE	0.00000	2
ST BARNABAS MED CTR PRG OF RADIOGRA	0.00000	6
ST FRANCIS MED CTR SCH OF MED TECH	0.00000	1
MUHLENBERG HOS SCH /HISTOTECHNOLOGY	0.00000	2
DU CRET SCHOOL OF THE ARTS	0.00000	2
OUR LADY OF LOURDES HOSP-ANEST/NURS	0.00000	2
ST BARNABAS MED CTR - MED LAB TECH	0.00000	2
CAPRI INSTITUTE OF HAIR DESIGN	0.00000	10
ST BARNABAS MED CTR-NUCLEAR MED-TEC	0.00000	1

NEW JERSEY (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ELIZABETH GEN MED CTR SCH RAD TECH	0	3
ST JOSEPH'S MED CTR SCH NUC MED TEC	0	5
THOMAS A EDISON STATE COLLEGE	0	3
HILL INSTITUTE	0	6
BURDETTE TOMLIN MEM HOSP SCH OF RAD	0	1
UMDNJ - RUTGERS MEDICAL SCH/CAMDEN	0	1
SALEM COUNTY VOC TECH SCHOOL	0	4
ESSIE MAE'S SCH OF BEAUTY CULTURE	0	2
COOPER HOSP/UNIV MC RAD THER TECH	0	3
EUROPEAN ACADEMY OF COSMETOLOGY	0	4
CAPRI INSTITUTE OF HAIR DESIGN	0	2
FAIRLEIGH DICKINSON U SCH OF DENT.	0	3
RUTGERS UNIV-COLL OF PHARMACY	0	3

NEW MEXICO

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ALADDIN BEAUTY COLLEGE #22	100.000	1
PARKS COLLEGE	42.857	35
UNIV OF ALBUQUERQUE	31.280	211
WESTERN NEW MEXICO UNIVERSITY	28.000	25
NEW MEXICO MILITARY INSTITUTE	22.222	18
COLLEGE OF SANTA FE	19.318	88
UNIV OF NEW MEXICO	15.937	640
SANDIA COLLEGE	15.385	13
NEW MEXICO STATE UNIV ALAMOGORDO BR	13.333	15
ALAMOGORDO BEAUTY COLLEGE	11.111	9
EASTERN NEW MEX UNIV MAIN CAMPUS	10.185	108
VOGUE COL SCH OF HAIR DESIGN # 6	10.000	10
NEW MEXICO STATE UNIV MAIN CAMPUS	9.333	450
ROSWELL COLLEGE OF COSMETOLOGY	8.333	12
NEW MEXICO INST OF MINING & TECH	7.895	76
NEW MEXICO VOC-TECH INST	7.143	14
NEW MEXICO HIGHLANDS UNIVERSITY	6.742	89
ST JOHNS COLLEGE IN NEW MEXICO	6.667	45
NEW MEXICO JUNIOR COLLEGE	4.348	23
ALBUQUERQUE VOC-TECH INST	0.645	155
COLLEGE OF THE SOUTHWEST	0.000	3
NEW MEXICO STATE UNIV CARLSBAD BR	0.000	5
SAN JUAN COLLEGE	0.000	12
EASTERN NEW MEX UNIV ROSWELL CC	0.000	5
EASTERN NEW MEX UNIV CLOVIS CC	0.000	8
SANTA FE BUSINESS COLLEGE	0.000	9
VOGUE COLLEGE OF COSMETOLOGY #27	0.000	8
ACADEMY OF BEAUTY CULTURE	0.000	2
HEIGHTS BEAUTY COLLEGE	0.000	23
LUNA AREA VOCATIONAL SCHOOL	0.000	22
DEWOLFF COL OF HAIRSTYLING & COSMET	0.000	19
HOLLYWOOD BEAUTY SCHOOL	0.000	6
VOGUE COLLEGE #11	0.000	3
DONA ANA BEAUTY COLLEGE	0.000	10
VOGUE COLLEGE SCH / HAIR DESIGN#16	0.000	5
NORTHERN NEW MEXICO COMMUNITY COLL.	0.000	1
SOUTHWESTERN BUSINESS COLLEGE, INC	0.000	8
VOGUE COLLEGE #17	0.000	15
INSTITUTE OF AMERICAN INDIAN ARTS	0.000	1
UNIV OF NEW MEXICO SCH OF MED	0.000	20

NEVADA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
PRATER WAY COLLEGE OF BEAUTY	100.000	2
SIERRA NEVADA COLLEGE	44.444	18
INTERNATIONAL DEALER'S SCHOOL	41.570	344
CLARK COUNTY COMMUNITY COLLEGE	40.260	77
NEVADA GAMING SCHOOL	38.308	201
AMERICAN ACADEMY FOR MEDICAL ASST	37.838	74
APOLLO BUSINESS & TECHNICAL SCHOOL	36.842	57
RENO BUSINESS COLLEGE	36.538	52
EDUCATION DYNAMICS INSTITUTE	34.821	112
BEAUTY MASTERS	33.333	12
ACADEMY OF HAIR DESIGN #1	30.769	26
WESTERN NEVADA COMMUNITY COLLEGE	30.000	30
OLD COLLEGE	27.273	11
NEVADA GAMING SCHOOLS	24.074	54
UNIV OF NEVADA AT LAS VEGAS	22.847	569
TRUCKEE MEADOWS COMMUNITY COLLEGE	22.642	53
ABC BEAUTICIANS UNIV OF LAS VEGAS	22.222	9
LAS VEGAS BUSINESS COLLEGE	20.290	69
SOUTHERN NEVADA UNIV OF COSMETOLOGY	14.815	27
NORTHERN NEVADA COMMUNITY COLLEGE	14.286	14
UNIV OF NEVADA AT RENO	12.222	450
MARINELLO SCHOOL OF BEAUTY	0.000	4
AMERICAN SCH OF DIAMOND CUTTING	0.000	2

NEW YORK

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BENNETT COLLEGE	100.000	1
NEW YORK INSTITUTE OF TECHNOLOGY	100.000	1
NEW YORK SCHOOL OF COMPUTER TECH	100.000	1
NATIONAL HEALTH INSTITUTE	100.000	1
UTICA SCHOOL FOR PRACTICAL NURSES	100.000	1
HEFFLEY & BROWNE SEC SCHOOLS INC	86.076	79
PARIS BRONX BEAUTY SCHOOL	83.333	6
METROPOLITAN CAREER INSTITUTE	78.689	61
DRAKE BUSINESS SCHOOL	75.000	8
SUPERIOR CAREER INSTITUTE	64.103	39
MIDTOWN SCHOOL OF BUSINESS INC	63.889	144
COMMERICIAL PROGRAMMING UNLIMITED	62.857	665
MID-WESTCHESTER PROGRAM OF PRAC NUR	62.500	8
BERK TRADE AND BUSINESS SCHOOL	61.772	858
FRENCH FASHION ACADEMY	61.224	98
LONG ISLAND UNIV BROOKLYN CENTER	60.000	5
W/M/H/E BOCES PRACT NURSING PROGRAM	60.000	5
TECHNO-DENT SCH OF DENT LAB TECH	60.000	10
WILFRED ACAD OF HAIR & BEAUTY CULT	59.961	517
PRINTING TRADES SCHOOL	59.694	196
DOYLE BEAUTY SCHOOL INC	58.929	56
NEW YORK BUSINESS SCHOOL	58.296	223
ROBERT FIANCE HAIR DESIGN INSTITUTE	58.242	182
ALVIN AILEY AMERICAN DANCE CENTER	57.143	21
HAIR DESIGN INSTITUTE AT FIFTH AVE	56.923	65
HAIR DESIGN INST AT LIVINGSTON STR	56.667	60
PSI INSTITUTE	56.067	890
CROWN BUSINESS INSTITUTE KINGS CTY	56.023	523
MOHAWK HAIRSTYLING BEAUTY CUL SCH	55.714	70
GENERAL THEOLOGICAL SEMINARY	55.556	9
VERRAZZANO COLLEGE	55.556	9
LATIN AMERICAN SCHOOL	55.556	9
S C S BUSINESS & TECHNICAL INST	55.112	626
NIAGARA HAIRSTYLING & BTY CULT SCH	54.945	91
EMPIRE TECHNICAL SCHOOL	54.936	628
WILFRED ACAD OF HAIR & BEAUTY CULT	54.682	267
MIDWAY-PARIS BEAUTY SCHOOL	54.545	22
WASHINGTON HEIGHTS BEAUTY SCHOOL	54.000	50
APEX TECHNICAL SCHOOL	53.846	13
AMERICAN BUSINESS INSTITUTE	52.956	1539
SAWYER SCHOOL OF BUSINESS	52.874	174
MANHATTAN CAREER INSTITUTE	52.796	447
WILFRED ACAD OF HAIR & BEAUTY CULT	52.640	644
ULTISSIMA BEAUTY INST AT BUFFALO	52.632	19
CROWN BUSINESS INSTITUTE NYC	52.632	114
AMERICAN HI-TECH BUSINESS SCHOOL	51.515	33
INTERNATIONAL CAREER INSTITUTES	50.973	257
MANHATTAN TECHNICAL INSTITUTE	50.685	73
MTI BUSINESS SCHOOL	50.325	308
WILFRED ACAD OF HAIR & BEAUTY CULT	50.000	2
INTERBORO INSTITUTE INC	50.000	78
LEWIS A WILSON TECH CTR-PRG PRAC NU	50.000	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SCHUYLER-CHEMUNG-TIOGA SCH PRAC NUR	50.0000	2
JOSEPH BULOVA SCHOOL OF WATCHMAKING	50.0000	8
SARATOGA/WARREN CTY BOCES PRAC NUR	50.0000	2
KINGS COUNTY HOSP CTR SCH-ANESTHESI	50.0000	4
ALBANY-SCHOH-SCHENEC BOCES PRAC NUR	50.0000	2
EASTERN TECHNICAL SCHOOL	49.5385	325
ROBERT FIANCE HAIR DESIGN INSTITUTE	49.4382	712
ROYAL BUSINESS SCHOOL	49.3351	752
ADVANCED CAREER TRAINING CORP	49.0566	159
BORICUA COLLEGE	48.7179	39
UTICA CAREER INSTITUTE	47.9167	48
KENSINGTON BUSINESS INSTITUTE	47.6190	105
KELLEY BUSINESS INSTITUTE	47.3684	38
LEONE SCH OF DENTAL LABORATORY TECH	46.6667	15
DRAKE BUSINESS SCHOOL	46.1538	13
NEW YORK VOCATIONAL SCHOOL	45.6140	114
ULTISSIMA BEAUTY INST OF BROOKLYN	45.4545	22
ULTISSIMA BEAUTY INST AT BRENTWOOD	45.4545	33
PLAZA BUSINESS INSTITUTE	44.8980	49
CLINTON COUNTY COMMUNITY COLLEGE	44.4444	72
CHERYL FELLS SCHOOL OF BUSINESS	44.4444	9
TAYLOR BUSINESS INSTITUTE INC	44.1696	283
LEHIGH TECHNICAL SCHOOL	44.1176	68
BARCLAY CAREERS SCHOOLS	44.0529	908
WESTCHESTER SCH OF BEAUTY CULTURE	43.5897	39
CUNY MEDGAR EVERS COLLEGE	43.5115	131
PICCOLO SCHOOL OF HAIR DESIGN	42.9293	198
ROBERT FIANCE HAIR DESIGN INSTITUTE	42.6357	129
LONG ISLAND BEAUTY SCHOOL	42.3077	26
NATL SCH OF LOCKSMITHING & ALARMS	41.5094	53
CENTER FOR THE MEDIA ARTS	41.3793	29
CONTINENTAL SCH OF BEAUTY CULTURE	41.3793	58
CROWN BUSINESS INSTITUTE JAMAICA	41.3793	87
HUNTER BUSINESS SCHOOL	41.3793	29
NEW YORK FOOD & HOTEL MGMT SCHOOL	40.9639	249
CUNY SYSTEMS OFFICE	40.3509	285
TROY SCHOOL OF BEAUTY CULTURE INC	40.0000	10
ENDICOTT INTERNATIONAL BEAUTY SCH	40.0000	15
STRATFORD SCHOOL	39.2904	761
MONROE BUSINESS INSTITUTE	38.4615	39
CONTEMPORARY SCH OF BEAUTY CULTURE	38.3333	60
COLLEGE FOR HUMAN SERVICES	38.1818	55
CUNY BOROUGH OF MANHATTAN CMTY COL	37.7143	525
NEW YORK THEOLOGICAL SEMINARY	37.5000	8
CITY TECHNICAL INSTITUTE	37.5000	24
CUNY N Y CITY COMMUNITY COLLEGE	36.9620	395
FRIENDS WORLD COLLEGE	36.8421	19
BRYANT & STRATTON BUSINESS INST	36.4876	1247
MID-SUFFOLK SCH OF PRACTICAL NURS	36.3636	11
MIDLAND CAREER INSTITUTE	36.2869	237
ULTISSIMA BEAUTY INST AT RIDGEWOOD	36.0000	25
YONKERS BEAUTY CULTURE SCHOOL	35.7143	28

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WILFRED ACAD OF HAIR & BEAUTY CULT	35.1759	199
CHAUFFEUR'S TRAINING SCHOOL	35.0711	211
BRYANT & STRATTON BUSINESS COLLEGE	35.0453	331
WEYMOUTH BUSINESS INSTITUTE	34.6154	52
ALBERT MERRILL SCHOOL	34.6056	393
AMERICAN CAREER SCHOOLS	34.3750	64
TECHNICAL CAREER INSTITUTE	34.3537	294
AIRCO TECHNICAL INSTITUTE	34.3284	134
BEAUTY SCHOOL OF MIDDLETOWN	34.2105	38
CUNY BRONX COMMUNITY COLLEGE	34.0206	291
WILFRED ACAD OF HAIR & BEAUTY CULT	33.6364	110
VILLA MARIA COLLEGE OF BUFFALO	33.3333	54
ALBANY BUSINESS COLLEGE	33.3333	78
ULTISSIMA BEAUTY INSTITUTE	33.3333	12
RICHARD I SCHOOL OF BEAUTY CULTURE	33.3333	18
ST FRANCIS HOSP SCH OF PRACT NURS	33.3333	3
JEFFERSON-LEWIS CTY BOCES NURS PROG	33.3333	12
BOCES SOLE SUPERVISORY DISTRICT	33.3333	6
VET ADMIN MED CTR SCH OF RAD TECH	33.3333	3
ULTISSIMA BEAUTY INSTITUTE AT BRONX	33.3333	9
OHEL SHMUEL RABBINICAL COLLEGE	33.3333	3
MCCARTHY'S BUSINESS INSTITUTE	33.3333	69
BETTY OWEN SECRETARIAL SYSTEMS	33.3333	3
MONROE BUSINESS INST FORDHAM SCHOOL	32.6923	52
RUSSELL SAGE JR COL OF ALBANY	32.5397	126
NEW YORK CAREER CENTER	32.2034	59
BRYANT & STRATTON BUSINESS INST	32.0594	471
WILFRED ACAD OF HAIR & BEAUTY CULT	31.8182	22
LONG ISLAND BEAUTY SCHOOL INC	31.6667	60
STENOTYPE ACADEMY	31.5789	19
CUNY JOHN JAY COL CRIMINAL JUSTICE	31.5436	298
CUNY KINGSBOROUGH COMMUNITY COLLEGE	31.3953	172
PHILLIPS INSTITUTE	31.1111	45
CONTINENTAL SCH OF BEAUTY CULTURE	30.9942	171
ADVANCED TRAINING CENTER	30.8176	318
CUNY JOHN JAY COL CRIMINAL JUSTICE	30.7692	13
TRAPHAGEN SCH OF FASHION	30.4348	23
NORTHEASTERN TECHNICAL COLLEGE	30.2326	129
VOORHEES TECHNICAL INSTITUTE	30.0000	10
CUNY YORK COLLEGE	29.9363	157
CENTRAL ACADEMY OF BEAUTY CULTURE	29.6296	27
CENTER FOR THE MEDIA ARTS	29.6000	750
ALLEN SCHOOL FOR PHYSICIANS AIDES	29.5154	227
ULTISSIMA BEAUTY INSTITUTE	29.3333	75
MANDL SCHOOL	29.1005	189
ULTISSIMA SCHOOL OF BEAUTY	28.8889	45
NEW YORK SCHOOL OF INTERIOR DESIGN	28.5714	21
SYRIT COMPUTER SCHOOL SYSTEMS	28.5714	21
MARYMOUNT MANHATTAN COLLEGE	28.1250	128
ULSTER COUNTY COMMUNITY COLLEGE	28.1250	160
FULTON-MONTGOMERY COMMUNITY COLLEGE	28.0702	114
NEW PENN BEAUTY SCHOOL	27.9070	43

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NEW YORK SCHOOL FOR MED-DENT ASST	27.8481	79
MEDAILLE COLLEGE	27.6923	130
LONG ISLAND UNIV CONOLLY COLLEGE	27.5556	675
LONG ISLAND UNIV BROOKLYN CENTER	27.2727	11
MOUNT VERNON HOSP SCHOOL OF NURSING	27.2727	11
SKINNER BUSINESS SCHOOL	27.2000	125
ULTISSIMA BEAUTY INST AT N BABYLON	26.6667	60
ROCHESTER BUSINESS INSTITUTE	26.0504	119
COLONNA BEAUTY SCHOOL OF ALBANY	25.8621	58
SUNY COLLEGE AT OLD WESTBURY	25.8537	205
JEFFERSON COMMUNITY COLLEGE	25.6757	74
NORTH COUNTRY COMMUNITY COLLEGE	25.6098	82
MATER DEI COLLEGE	25.0000	44
NEW YORK UNIV WASHINGTON SQUARE COL	25.0000	4
MIRRER YESHIVA CENTRAL INSTITUTE	25.0000	4
TOURO COLLEGE	25.0000	212
AMERICAN ACADEMY MCALLISTER INST	25.0000	56
CATTARAUGUS CTY BOCES/SCH PRAT NURS	25.0000	8
STENOTYPE INSTITUTE	25.0000	96
EDNA MCCONNELL CLARK SCHOOL OF NURS	25.0000	8
OUR LADY OF VICTORY SECRETARIAL SCH	25.0000	8
BUFFALO VO-TECH CTR PRAC NURS PROG	25.0000	4
MOHAWK VALLEY COMMUNITY COLLEGE	24.8387	310
ELIZABETH SETON COLLEGE	24.8175	274
NASSAU COUNTY BOCES PRACT NURS PROG	24.4444	45
TOMPKINS-CORTLAND COMMUNITY COLLEGE	24.2857	140
COLLEGE OF NEW ROCHELLE	24.2424	528
MANHATTAN SCHOOL OF PRINTING	24.0964	83
LE PONTO'S HAIRSTYLING SCHOOL	23.8095	21
GENESEE COMMUNITY COLLEGE	23.7288	118
UTICA SCHOOL OF COMMERCE	23.6111	72
CUNY FIORELLO H LA GUARDIA CMTY COL	23.5741	263
MAR JON SCH OF BEAUTY CULTURE	23.5294	17
HUDSON VALLEY COMMUNITY COLLEGE	23.1788	453
MARIA REGINA COLLEGE	23.0769	13
SUNY EMPIRE STATE COLLEGE	22.8916	249
RICHARD I BEAUTY SCHOOL	22.7273	22
BENSONHURST BEAUTY SCHOOL INC	22.5806	62
JAMESTOWN COMMUNITY COLLEGE	22.4852	169
FLEXER BEAUTY SCHOOL	22.2222	9
DUTCHESS COMMUNITY COLLEGE	22.0994	181
WESTCHESTER BUSINESS INSTITUTE	22.0430	186
AUSTIN BEAUTY SCHOOL INC	22.0339	59
NEW SCHOOL FOR SOCIAL RESEARCH	22.0217	277
CUNY CITY COLLEGE	22.0036	559
ULTISSIMA BEAUTY INST AT LEVITTOWN	21.8750	32
NEW SCHOOL OF CONTEMPORARY RADIO	21.7391	23
ROCKLAND COMMUNITY COLLEGE	21.7213	244
MERCY COLLEGE	21.6450	462
RAPHAEL SCHOOL OF BEAUTY CULTURE	21.0526	19
EUROPEAN AMERICAN BEAUTY SCHOOL	21.0526	19
OLIVER SCHOOL OF BEAUTY CULTURE	20.8333	24

NEW YORK (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CUNY HERBERT H LEHMAN COLLEGE	20.6997	343
SCHENECTADY CO COMMUNITY COLLEGE	20.6452	155
WESTCHESTER COMMUNITY COLLEGE	20.5674	141
CAYUGA COUNTY COMMUNITY COLLEGE	20.5128	195
WILFRED ACAD OF HAIR & BEAUTY CULT	20.2703	74
ONONDAGA COMMUNITY COLLEGE	20.2381	420
CATHEDRAL COL IMMACULATE CONCEPTION	20.0000	5
LABORATORY INST OF MERCHANDISING	20.0000	20
NEW YORK HOSP SCH OF XRAY TECH	20.0000	5
CLINTON,ESSEX,WARREN&WASH.BOCES PRN	20.0000	5
DRAKE BUSINESS SCHOOL	20.0000	20
BAYLEY SETON HOSP PHYS ASST TRNG	20.0000	5
BOCES OF RENSSELAER SCH OF PRAC NUR	20.0000	10
ELMWOOD SCHOOL OF DENTAL ASSISTING	20.0000	5
ST FRANCIS COLLEGE	19.9170	241
MAGNA INSTITUTE	19.4444	36
MARIA COLLEGE OF ALBANY	19.2982	57
PACE BUSINESS SCHOOL	19.2982	57
CUNY QUEENSBORO COMMUNITY COLLEGE	19.2691	301
CENTRAL CITY BUSINESS INSTITUTE	19.1919	99
HELEN FULD SCH OF NURSING	19.1489	47
HAUSMAN COMPUTER ASSOC/COMPU PROG	19.0476	42
ULTISSIMA BEAUTY INST AT MASSAPEQUA	18.9189	37
CIRCLE IN THE SQUARE SCHOOL	18.7500	16
SULLIVAN COUNTY COMMUNITY COLLEGE	18.5897	156
NIAGARA COUNTY COMMUNITY COLLEGE	18.5606	264
CUNY BROOKLYN COLLEGE	18.5321	545
ERIE COMMUNITY COLLEGE	18.1992	522
CAPRI SCH OF HAIR DESIGN	18.1818	22
PRACTICAL BIBLE TRAINING SCHOOL	18.1818	11
MILDRED ELLEY BUSINESS SCHOOL	18.1818	11
MONROE COMMUNITY COLLEGE	18.0693	404
BRIARCLIFFE SECRETARIAL SCHOOL	17.5439	57
BRITTANY BEAUTY CENTER	17.3913	23
ISLAND DRAFTING & TECHNICAL INST	17.0732	82
COLUMBIA UNIV SCH OF JOURNALISM	16.9014	71
MILLARD FILLMORE HOSP SCH OF NURSE	16.6667	12
OHR HAMEIR THEOLOGICAL SEMINARY	16.6667	6
BRONX BEAUTY COLLEGE	16.6667	12
ALBANY OCCUP CTR-PRAC NURSING PROG	16.6667	18
LONG ISLAND BUSINESS INSTITUTES	16.6667	6
NASSAU SCH FOR MED & DENTAL ASSIST	16.6667	36
UNITED HLTH SERV SCH OF RESP THER	16.6667	6
NEW YORK ULTRASOUND INSTITUTE	16.6667	18
BELLEVUE HOSP CTR SCH OF RAD TECH	16.6667	6
CUNY HUNTER COLLEGE	16.6078	566
CORNING COMMUNITY COLLEGE	16.5354	254
ADIRONDACK COMMUNITY COLLEGE	16.3934	183
ULTRASOUND DIAGNOSTIC SCHOOL	16.3636	55
ORANGE COUNTY COMMUNITY COLLEGE	16.3424	257
ACADEMY OF AERONAUTICS	16.3121	141
COLUMBIA UNIV SCH OF GEN STUDIES	16.1616	198

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BERKELEY SCHOOL	16.1074	149
CUNY STATEN ISLAND COMMUNITY COL	16.0465	430
SUNY COLLEGE AT NEW PALTZ	15.9292	678
COLUMBIA-GREENE COMMUNITY COLLEGE	15.7143	70
BOCES ONADAGA & MADISON CO OCC ED C	15.6863	51
PRATT INSTITUTE	15.4839	465
PARSONS SCHOOL OF DESIGN	15.3846	273
BERKELEY SCHOOL	15.3846	65
OTSEGO AREA SCHOOL /PRACT/NURSING	15.3846	13
INST OF ALLIED MED PROF NUC MED TEC	15.3846	26
HERKIMER COUNTY COMMUNITY COLLEGE	15.3153	111
AMERICAN ACAD OF DRAMATIC ARTS	15.2542	59
LONG ISLAND COL HOSP SCH XRAY TECH	15.0000	20
CUNY GRADUATE SCH & UNIV CTR	14.6789	109
NEW YORK INST TECH NYC CAMPUS	14.4244	721
SUNY AGRIC & TECH COL AT CANTON	14.3713	167
BLAKE BUSINESS SCHOOL	14.2857	7
SUFFOLK TECHNICAL INSTITUTE	14.2857	35
BARD COLLEGE	14.1509	106
COLUMBIA UNIV TEACHERS COLLEGE	13.9535	387
CONCORDIA COLLEGE	13.8889	36
COMMUNITY COLLEGE OF FINGER LAKES	13.8655	238
NASSAU COMMUNITY COLLEGE	13.8211	492
FASHION INSTITUTE OF TECHNOLOGY	13.5255	451
WILFRED ACAD OF HAIR & BEAUTY CULT	13.5135	37
SUBURBAN TECHNICAL SCHOOL	13.4796	319
CONCORD BEAUTY SCHOOL	13.3333	15
JAMESTOWN BUSINESS COLLEGE	13.3333	30
SUFFOLK COMMUNITY COLLEGE	13.2879	587
COLUMBIA UNIV INTERNATL/PUBLIC AFF	13.2530	83
DOMINICAN COLLEGE OF BLAUVELT	13.1579	76
LONG ISLAND UNIV SOUTHAMPTON CTR	13.0769	130
CROUSE-IRVING HOSP SCH OF NURSING	13.0435	46
TRIPLE CITIES SCH OF BEAUTY CULTURE	13.0435	23
CUNY BERNARD BARUCH SCH OF BUS	12.9660	617
CONTROL DATA INSTITUTE	12.8079	203
PACE UNIV MAIN CAMPUS	12.7253	943
TROCAIRE COLLEGE	12.7119	118
TOBE-COBURN SCH OF FASHION CAREERS	12.6984	126
SCHOOL OF VISUAL ARTS	12.6374	364
COLUMBIA MEM HOSP SCH OF NURSING	12.5000	16
ULTISSIMA BEAUTY SCHOOL	12.5000	32
ULTISSIMA BEAUTY INST OF CENTEREACH	12.5000	16
COLUMBIA UNIV SCH OF ARTS	12.5000	64
AMERICAN CAREER SCHOOLS	12.5000	16
SUNY AGRIC & TECH COL AT MORRISVLE	12.4464	233
WILFRED ACAD OF HAIR & BEAUTY CULT	12.2449	49
ELMIRA BUSINESS INSTITUTE	12.0000	25
BROOME COMMUNITY COLLEGE	11.9883	342
SUNY AGRIC & TECH COL AT ALFRED	11.7450	298
JUILLIARD SCHOOL	11.6505	103
NEW YORK SCHOOL OF DOG GROOMING	11.6279	43

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MT ST MARY COLLEGE	11.5702	121
MIDWAY-PARIS BEAUTY SCHOOL	11.5385	26
SUNY AGRIC & TECH COL AT FARMNGDALE	11.3924	316
POLY INST OF NEW YORK	11.3846	325
SIMMONS SCHOOL OF MORTUARY SCIENCE	11.1111	18
CATHOLIC MED CTR SCH OF RAD-TECH	11.1111	9
ELMIRA COLLEGE	10.8108	185
SUNY AGRIC & TECH COL AT DELHI	10.2679	224
COOPER UNION	10.1695	59
MANHATTANVILLE COLLEGE	10.0000	130
STRS OF CHARITY HOSP SCH OF NURSING	10.0000	10
ST JAMES MERCY HOSP SCH OF NURSING	10.0000	30
ST JOSEPHS HOSP SCH OF NURSING	10.0000	10
OLEAN BUSINESS INSTITUTE	10.0000	20
NEW YORK UNIV	9.9237	3275
MANHATTAN SCHOOL OF MUSIC	9.8361	61
SUNY AGRIC & TECH COL AT COBLESKILL	9.7872	235
COPE INSTITUTE	9.6774	31
CUNY QUEENS COLLEGE	9.5694	627
ERIE COMMUNITY COLLEGE SOUTH CAMPUS	9.4203	138
PROFESSIONAL DIVING SCH OF NEW YORK	9.3750	32
SWEDISH INSTITUTE	9.3023	86
YESHIVA UNIVERSITY	9.0909	66
PAUL SMITHS COLLEGE	8.9888	89
BERKELEY SCHOOL	8.9385	179
HILBERT COLLEGE	8.8889	45
WOOD SCHOOL	8.8235	68
COLUMBIA UNIV SCH OF SOCIAL WORK	8.7500	80
COLUMBIA UNIV GRAD SCH OF ARTS/SCI	8.7500	160
FORDHAM UNIV	8.7248	1043
ST JOSEPHS COLLEGE	8.5271	129
CAZENOVIA COLLEGE	8.4746	59
SUNY COLLEGE AT PURCHASE	8.4507	213
YESHIVA UNIVERSITY BROOKDALE CENTER	8.4507	142
MANNES COLLEGE OF MUSIC	8.3333	12
BELLEVUE HOSP RESP THERAPY PROG MED	8.3333	12
WAGNER COLLEGE	8.3004	253
D'YOUVILLE COLLEGE	8.2873	181
LONG ISLAND UNIV CW POST COLLEGE	8.2002	939
SUNY COLLEGE AT BUFFALO	8.1197	936
KATHARINE GIBBS SCHOOL	8.0537	149
UNITED STATES MERCHANT MARINE ACAD	8.0000	25
LONG ISLAND UNIV CENTRAL OFFICE	7.6923	39
ROBERTS WESLEYAN COLLEGE	7.6923	65
ARNOT OGDEN MEM HOSP SCH OF NURSING	7.6923	13
CORNELL UNIV ALL CAMPUSES	7.6923	65
NATIONAL SHAKESPEARE CO CONSERVATOR	7.6923	13
ADELPHI UNIVERSITY	7.5022	1133
KRISSLER BUSINESS INSTITUTE	7.5000	40
SUNY COLLEGE AT BROCKPORT	7.2678	743
ONEIDA COUNTY BOCES PRAC NURS PROG	7.1429	14
BNOS JERUSALEM SEMINARY	7.1429	14

NEW YORK (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ALBANY MEDICAL COLLEGE	6.94444	72
OSWEGO COUNTY BOCES ADULT CAREERS C	6.89655	29
DAEMEN COLLEGE	6.71141	149
DOWLING COLLEGE	6.69291	254
BETH ISRAEL MED CTR SCH OF NURSING	6.66667	15
MONTEFIORE HOSP MED CTR SCH RAD-TEC	6.66667	15
BRAMSON ORT TECHNICAL INSTITUTE	6.66667	15
ST JOHNS UNIVERSITY	6.60763	1468
WELLS COLLEGE	6.57895	76
NEW YORK MEDICAL COLLEGE	6.56934	137
HOFSTRA UNIVERSITY	6.56192	1082
WORD OF LIFE BIBLE INSTITUTE	6.55738	61
SYRACUSE UNIV UTICA COLLEGE	6.45161	217
COLUMBIA UNIV SCH OF ARCHITECHTURE	6.45161	62
SUNY STATE UNIV AT BUFFALO MAIN CAM	6.40618	2201
NIAGARA UNIV MAIN CAMPUS	6.39269	438
GRUMMAN DATA SYSTEMS INSTITUTE	6.39098	532
YESHIVATH ZICHRON MOSHE	6.25000	16
RIDLEY-LOWELL SCHOOL OF BUSINESS	6.25000	96
ORANGE COUNTY BOCES SCH/PRAC NUR	6.25000	16
SUNY STATE UNIV AT STONY BROOK	6.23229	1059
COLUMBIA UNIV SCH OF LAW	6.12245	147
PACE UNIV - COLLEGE OF WHITE PLAINS	6.11354	229
RIVERSIDE SCHOOL OF AERONAUTICS	6.06061	33
MARYMOUNT COLLEGE	6.01504	133
IONA COLLEGE	5.97345	452
KATHERINE GIBBS SCHOOL-HUNTINGTON	5.88235	85
RUSSELL SAGE COLLEGE MAIN CAM	5.86420	324
NEW YORK LAW SCHOOL	5.80913	241
SUNY COLLEGE AT ONEONTA	5.77717	727
NYACK COLLEGE	5.61798	89
UNION THEOL SEM	5.55556	18
HEADPEOPLE SCHOOL OF HAIR DESIGN	5.55556	18
SUNY COLLEGE AT PLATTSBURGH	5.52239	670
SYRACUSE UNIV MAIN CAMPUS	5.51758	2048
SUNY COLLEGE AT UTICA/ROME	5.45455	330
COLLEGE OF ST ROSE MAIN CAMPUS	5.28302	265
SARAH LAWRENCE COLLEGE	5.26316	95
CUNY BERNARD BARUCH COLLEGE	5.26316	19
CULINARY INSTITUTE OF AMERICA	5.26316	418
LONG ISLAND BEAUTY SCHOOL	5.26316	19
HOSP FOR SPECIAL SURG SCH PRAC NUR	5.26316	19
ST JOHN FISHER COLLEGE	5.11628	215
ST THOMAS AQUINAS COLLEGE	4.89510	143
SUNY STATE UNIV AT ALBANY	4.86968	1458
NAZARETH COLLEGE OF ROCHESTER	4.79705	271
SUNY COLLEGE AT POTSDAM	4.68432	491
NEW YORK COLLEGE OF PODIATRIC MED	4.67290	107
VASSAR COLLEGE	4.54545	264
COLUMBIA UNIV COL OF PHYS & SURGEON	4.54545	88
ALFRED UNIVERSITY MAIN CAMPUS	4.45545	202
COLUMBIA UNIV SCH OF PUBLIC HEALTH	4.41176	68

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MARIST COLLEGE	4.40252	318
MOLLOY COLLEGE MAIN CAMPUS	4.34783	161
SUNY COLLEGE AT CORTLAND	4.31655	695
ST BONAVENTURE UNIVERSITY	4.24929	353
SUNY MARITIME COL AT FT SCHUYLER	4.23729	118
HOBART & WILLIAM SMITH COLLEGES	4.16667	192
SUNY COLLEGE AT FREDONIA	4.15800	481
SKIDMORE COLLEGE MAIN CAMPUS	4.08922	269
CANISIUS COLLEGE	4.04313	371
ST VINCENTS MED CTR SCH OF NURSING	4.00000	25
BROOKLYN LAW SCHOOL	3.94089	203
COLLEGE OF MOUNT ST VINCENT	3.92157	102
COLUMBIA UNIV BARNARD COLLEGE	3.91304	230
PACE UNIV WESTCHESTER CAMPUS	3.87931	464
CORNELL UNIV ENDOWED COLLEGES	3.81808	1781
ALBERT EINSTEIN COLLEGE OF MEDICINE	3.75940	133
SUNY STATE UNIV AT BINGHAMTON	3.73737	990
LE MOYNE COLLEGE	3.70370	243
BUFFALO GEN HOSP SCH OF NURSING	3.70370	27
SIMMONS SCHOOL (THE)	3.70370	27
UNIV OF ROCHESTER EASTMAN SC MUSIC	3.57143	28
MAR JON SCH OF BTY CULT-WEST SENECA	3.57143	28
SUNY DOWNSTATE MEDICAL CENTER	3.51759	199
COLUMBIA UNIV SCH OF BUSINESS	3.50000	200
KINGS COLLEGE	3.44828	87
RABBINICAL SEM OF AMERICA	3.44828	145
SUNY COLLEGE AT OSWEGO	3.44086	930
SUNY STATE COLLEGE OF OPTOMETRY	3.33333	60
COLUMBIA UNIV COLUMBIA COLLEGE	3.30033	303
KEUKA COLLEGE	3.29670	91
SUNY COLLEGE OF CERAMICS ALFRED UN	3.22581	62
COLUMBIA UNIV SCH OF LIBRARY SERV	3.22581	31
NEW YORK STATE VETERINARY COLLEGE	3.22581	62
COLLEGE OF INSURANCE	3.03030	33
ROCHESTER INSTITUTE OF TECHNOLOGY	3.02405	1455
SUNY COLLEGE OF AGRIC CORNELL UNIV	3.00000	100
SUNY COLLEGE AT GENESEO	2.91439	549
CORNELL UNIV MEDICAL CENTER	2.89855	69
ST VINCENTS HOSP SCH OF NURSING	2.70270	37
UNIV OF ROCHESTER	2.59918	731
ITHACA COLLEGE	2.52101	595
NEW YORK CHIROPRACTIC COLLEGE	2.51572	159
COLUMBIA UNIV MAIN DIVISION	2.43902	41
CUNY MT SINAI SCH OF MEDICINE	2.43902	82
COLUMBIA UNIV SCH OF NURSING	2.43902	82
SIENA COLLEGE	2.38095	378
MANHATTAN COLLEGE	2.21675	406
COLGATE UNIVERSITY	2.14286	280
UNION COL & UNIV	2.14286	280
BANK STREET COLLEGE OF EDUCATION	2.12766	47
COLUMBIA UNIV SCH OF DENT/ORAL SURG	2.00000	50
RENSSELAER POLY INST MAIN CAMPUS	1.93906	722

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLUMBIA UNIV SCH OF ENG & APP SCI	1.93237	207
HAMILTON COLLEGE	1.92308	208
HOUGHTON COLLEGE	1.85185	108
SUNY COL OF ENVIRON SCI & FORESTRY	1.84049	163
ST LAWRENCE UNIVERSITY	1.73611	288
SUNY UPSTATE MEDICAL CENTER	1.55039	129
NEW YORK UNIV SCH OF MEDICINE	1.05263	95
ALBANY LAW SCHOOL	1.00000	100
CLARKSON UNIVERSITY	0.94787	633
HARTWICK COLLEGE	0.62112	161
SEMINARY OF THE IMMACULATE CONCEPT	0.00000	1
COLGATE ROCHESTER DIVINITY SCHOOL	0.00000	20
EASTMAN DENTAL CENTER	0.00000	9
EISENHOWER COLLEGE INST OF TECH	0.00000	1
JEWISH THEOLOGICAL SEMINARY OF AMER	0.00000	24
LADYCLIFF COLLEGE	0.00000	1
MARYKNOLL SEMINARY	0.00000	3
ROCKEFELLER UNIVERSITY	0.00000	1
CHRIST THE KING SEMINARY	0.00000	14
ST JOSEPHS SEMINARY & COL CTHDRL CO	0.00000	4
ST VLADIMIR ORTHODOX THEOL SEM	0.00000	3
ALBANY COLLEGE OF PHARMACY	0.00000	72
UNITED STATES MILITARY ACADEMY	0.00000	4
WADHAMS HALL SEMINARY COLLEGE	0.00000	4
WEBB INST OF NAVAL ARCHITECTURE	0.00000	1
YESHIVA UNIVERSITY MIDTOWN CENTER	0.00000	31
RABBINICAL ACADEMY M R CHAIM BERLIN	0.00000	2
HEBREW UNION COL-JEWISH INST OF REL	0.00000	19
ST ELIZABETH HOSP SCH OF XRAY TECH	0.00000	2
ST JAMES MERCY HOSP SCH OF RADIOGRA	0.00000	4
ST JOSEPHS HOSP SCH OF XRAY TECH	0.00000	3
ST LUKES MEM HOSP CTR SCH MED RAD	0.00000	4
UNITED HOSP SCH OF RAD-TECH	0.00000	4
ALBANY MED CTR HOSP SCH OF RAD-TECH	0.00000	1
ARNOT OGDEN MEM HOSP SCH OF XRAY TE	0.00000	5
COMMUNITY HOSP SCH OF RAD-TECH	0.00000	1
CORNING HOSP SCH OF RAD TECH	0.00000	1
GENESEE HOSP SCH OF XRAY TECH	0.00000	2
GLENS FALLS HOSP RADIOLOGIC TECH PR	0.00000	5
MILLARD FILLMORE HOSP SCH RAD-TECH	0.00000	7
ALBANY SCH OF CYTOTECHNOLOGY	0.00000	1
NASSAU HOSP SCH OF XRAY TECH	0.00000	4
SOUTH NASSAU CMTY HOSP SCH RAD-TECH	0.00000	2
COCHRAN SCH NURSING ST JOHNS RIV HO	0.00000	10
ELLIS HOSPITAL SCHOOL OF NURSING	0.00000	2
FLUSHING HOSP MED CTR SCH NURSING	0.00000	7
INTERFAITH MED CTR SCH OF NURSING	0.00000	11
ST ELIZABETH HOSP SCH OF NURSING	0.00000	11
ST JOSEPHS HOSP HLTH CTR SCH NURS	0.00000	19
ST MARYS HOSP SCH OF NURSING	0.00000	6
SUNY COLLEGE AT UTICA/ROME	0.00000	2
MESIVTA TORAH VODAITH SEMINARY	0.00000	2

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
AUBURN INTERNATIONAL BEAUTY SCHOOL	0	8
ROBERTS SCHS INC	0	1
UNIV OF ROCHESTER EASTMAN SC MUSIC	0	44
YESHIVA UNIVERSITY BRONX CENTER	0	5
RABBINICAL COL-BOBOVER YESHIVA BNEI	0	11
FORDHAM UNIV LINCOLN CENTER	0	1
SAMARITAN HOSP SCH OF NURSING	0	6
ALBANY MED CTR SCH NURS ANESTHETIST	0	6
COLUMBIA UNIV SCH OF OCCUP THERAPY	0	9
COLUMBIA UNIV SCH OF PHYS THERAPY	0	11
COLUMBIA UNIV SCH OF DENTAL HYGIENE	0	5
BLANTON PEALE GRAD INSTITUTE	0	1
METH HOSP BROOKLYN SCH OF MED-TECH	0	1
MEM HOSP SCH OF RADIOLOGIC TECH	0	3
CATHOLIC MEDICAL CENTER SCH OF MED	0	2
WOMANS CHRIST ASSN HOSP SCH RAD TEC	0	3
HARLEM HOSP CTR SCH/ANESTHESIA/NUR	0	1
ST MARYS HOSP OF SISTERS CHARITYME	0	1
ELLIS HOSPITAL SCHOOL OF MED-TECH	0	1
CHAMPLAIN VALLEY PHYS HOSP RAD TECH	0	1
BETH MEDRASH EEYUN HATALMUD	0	2
MEM SLOAN-KETTERING CANCER CTR RAD	0	4
MILLARD FILLMORE HOSP SCH OF MED-TE	0	1
PENINSULA HOSP CTR SCH OF RAD-TECH	0	3
MERCY HOSP SCH OF RADIOGRAPHY	0	4
BELZER YESHIVA MACHZIKEI TORAH SEM	0	16
DERECH AYSON RABBINICAL SEMINARY	0	1
CENTRAL SUFFOLK SCH OF RAD-TECH	0	2
CHAMPLAIN VALLEY PHYS HOSP LAB ASST	0	1
ROCHESTER GEN HOSP SCH OF MED-TECH	0	2
MEMORIAL HOSP SCH OF NURSING	0	3
CATHOLIC MEDICAL CTR SCH OF NURSING	0	9
ERIE CNTY BOCES DIST #1 PRAC NURSIN	0	15
YESHIVATH VI7NITZ	0	2
CAPRI SCH OF HAIR DESIGN	0	1
NEW YORK UNIV SCH OF NUCL MED/TECH	0	2
STEUBEN-ALLEGANY BOCES SCH/P.NURSIN	0	11
MADISON-ONEIDA BOCES/PRACT NUR PROG	0	1
ST LUKES HOSP CTR SCH OF ENDODONTIC	0	2
WAYNE-FINGER LAKES BOCES-PRACT NURS	0	5
MERCY HOSP SCH OF MED TECH	0	2
YESHIVA SHAAR HATORAH ITRI TORAH	0	3
BROOME-DELAWARE-TIOGA/COOP ED SERV	0	20
RABBINICAL SEM BETH YITZCHOK DSPINK	0	2
ROCHESTER GEN HOSP SCH OF PRACT NUR	0	3
N Y STUD SCH OF DRAW/PAINT/SCULPTUR	0	5
DANCE NOTATION BUREAU	0	2
HAM-FUL-MONT-CTY BOCES, NURSE PROG	0	8
DUTCHESS CTY BOCES,SCH OF PRAC NURS	0	7
CITY NY HEALTH & HOSP CORP RESP THE	0	1
ULSTER COUNTY BOCES SCH OF PRAC NUR	0	2
SPENCER BUSINESS INSTITUTE	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GRUS GIRLS SEMINARY	0	12
ST LAWRENCE-LEWIS CTY BOCES NUR PRG	0	5
ALLEGANY CTY BOCES PRACT NURS PROG	0	3
ALBANY MED CTR HOSP SCH OF MED TECH	0	3
CHAUTAUQUA COUNTY BOCES	0	2
INTERFAITH MED CTR SCH OF RAD TECH	0	2
COMMERICIAL DRIVER TRAINING INC	0	2
ALBANY MEDICAL COLLEGE-COL OF MED	0	3
CUNY MOUNT SINAI SCH OF MEDICINE	0	1
SUNY AT BUFFALO/SCH OF MED	0	1
UNIV OF ROCHESTER-SCH OF MEDICINE	0	12
NEW YORK INST TECH COL OF OSTEO MED	0	1
SUNY AT STONY BROOK/SCH OF DENTAL	0	1
NEW YORK COLLEGE OF PODIATRIC MED	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIV OF AKRON-COMMUNITY & TECH COL	100.000	1
GOOD SAMARITAN HOSP SCH OF XRAY TEC	100.000	1
TRUMBULL MEM HOSP SCH OF XRAY TECH	100.000	1
CHOFFIN SCH OF PRACTICAL NURSING	100.000	1
CINCINNATI METROPOLITAN COLLEGE	100.000	4
PROGRESSIVE FASHION SCHOOL	100.000	1
ACADEMY OF COMMUNICATIVE ARTS	100.000	1
MCKIM TECHNICAL INSTITUTE	100.000	1
STAUTZENBERGER COLLEGE OF BUSINESS	77.273	44
TRI-STATE BEAUTY COLLEGE	71.429	7
HARDING BUSINESS COLLEGE	70.536	448
JANE ADAMS SCH OF PRAC NUR & DENT A	66.667	3
LORAIN BUSINESS COLLEGE	66.667	3
OHIO COLLEGE OF BUSINESS & TECHNOLO	65.854	41
AIRCO TECHNICAL INSTITUTE	65.058	518
MAR-PEL'S BEAUTY ACADEMY	57.143	7
SOUTHERN OHIO COLLEGE	52.821	780
HICKOK TECHNICAL INSTITUTE	52.632	19
WILBERFORCE UNIVERSITY	52.000	100
COLUMBUS PARAPROFESSIONAL INSTITUTE	50.407	123
CONTROL DATA INSTITUTE	50.000	4
MARION TECHNICAL COLLEGE	50.000	2
AKRON INST OF MED & DENT ASSISTANTS	50.000	2
MTI BUSINESS SCHOOL	50.000	34
DRET SCHOOL	49.714	175
SAWYER COLLEGE OF BUSINESS	47.619	21
INST OF COMPUTER MANAGEMENT	46.154	65
WASHINGTON TECHNICAL COLLEGE	45.455	11
ELECTRONIC TECHNOLOGY INSTITUTE	44.882	127
OHIO SCHOOL OF BROADCAST TECHNIQUE	42.857	7
INTERNATIONAL COLLEGE, INC.	40.000	5
NATIONAL EDUC CTR-NAT INST OF TECH	38.889	18
ACADEMY OF COURT REPORTING	37.500	8
LAWRENCE COUNTY JOINT VOC SCHOOL	37.500	8
COLUMBUS TECHNICAL INSTITUTE	35.484	31
DAVIS JUNIOR COLLEGE	34.375	32
AKRON GEN MED CTR SCH OF NURSING	33.333	3
MOLER-HOLLYWOOD BEAUTY COLLEGE	33.333	3
BRADFORD SCHOOL	31.250	16
ITT TECHNICAL INSTITUTE	29.204	113
CENTRAL STATE UNIV	28.859	149
RET INSTITUTE OF TECHNOLOGY	28.713	101
TOLEDO SCH OF PRAC NURSING WOODWARD	28.571	7
CLEVELAND INSTITUTE OF ELECTRONICS	28.026	1074
SOUTHEASTERN BUSINESS COLLEGE	26.667	15
TERRA TECHNICAL COLLEGE	25.000	4
ITT TECHNICAL INSTITUTE	24.031	129
CLEVELAND ST UNIV C MARSHALL LAW SC	20.000	5
CUYAHOGA CMTY COL EASTERN CAMPUS	20.000	5
HOBART SCH OF WELDING TECHNOLOGY	18.750	16
UNION FOR EXPERIMENTING COL & UNIV	17.188	64
DYKE COLLEGE	16.923	65

OHIO (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ANTIOCH UNIVERSITY MAIN CAMPUS	16.6667	762
CLARK TECHNICAL COLLEGE	16.6667	6
ST VINCENT CHARITY HOSP SCH NURS	16.6667	6
METHODIST THEOLOGICAL SCH IN OHIO	15.7895	19
MICHAEL J OWENS TECHNICAL COLLEGE	14.2857	7
OHIO VALLEY HOSP SCH OF NURSING	14.2857	7
HOCKING TECHNICAL COLLEGE	14.2857	21
OHIO DOMINICAN COLLEGE	13.5802	81
CINCINNATI TECHNICAL INSTITUTE	13.0435	23
DEVRY INSTITUTE OF TECHNOLOGY	12.6531	490
ST THOMAS HOSP MED CTR SCH OF NURSI	12.5000	16
LIMA TECHNICAL COLLEGE	12.4183	153
A T E S TECHNICAL SCHOOL	12.0000	25
LORAIN COUNTY COMMUNITY COLLEGE	11.4504	131
TRI-STATE BEAUTY COLLEGE	11.1111	9
HAMMEL COLLEGE	9.2251	271
UNIVERSITY OF STEUBENVILLE	9.1954	87
CINCINNATI BIBLE SEMINARY	8.8889	45
KENT STATE UNIV EAST LIVERPOOL	8.6957	23
CUYAHOGA CMTY COL CEN OFFICE	8.4615	260
CLEVELAND INSTITUTE OF MUSIC	8.3333	24
HEIDELBERG COLLEGE	8.3333	96
COLUMBUS COLLEGE OF ART & DESIGN	7.2072	111
GOOD SAMARITAN HOSP SCH OF NURSING	7.1429	14
SINCLAIR COMMUNITY COLLEGE	7.0423	213
FRANKLIN UNIVERSITY	6.7797	236
BELMONT TECHNICAL COLLEGE	6.6667	15
URBANA COLLEGE	6.2500	48
NORTHWESTERN BUS COL TECHNICAL CENT	6.1224	49
ASHLAND COLLEGE	5.7613	243
SOUTHERN STATE COMMUNITY COLLEGE	5.7143	70
HIRAM COLLEGE	5.6075	107
RIO GRANDE COLLEGE	5.6000	125
OHIO COLLEGE OF PODIATRIC MEDICINE	5.4545	110
CIRCLEVILLE BIBLE COLLEGE	5.4054	37
BLUFFTON COLLEGE	5.3333	75
BALDWIN-WALLACE COLLEGE	5.2805	303
TIFFIN UNIVERSITY	5.2632	38
OTTERBEIN COLLEGE	5.2239	134
MARIETTA COLLEGE	5.0000	140
WILMINGTON COLLEGE	4.9505	101
FINDLAY COLLEGE	4.9020	102
UNIV OF CINCINNATI MAIN CAMPUS	4.7549	1367
OHIO DIESEL TECHNICAL INSTITUTE	4.6218	238
KENT STATE UNIV ASHTABULA CENTER	4.5455	22
OBERLIN COLLEGE	4.4910	334
OHIO UNIV MAIN CAMPUS	4.4486	1596
CAPITAL UNIVERSITY	4.3919	296
UNIV OF AKRON	4.3358	1084
KENT STATE UNIV MAIN CAMPUS	4.3222	1527
XAVIER UNIVERSITY	4.3127	371
WRIGHT STATE UNIV SCH OF MEDICINE	4.2857	70

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLLEGE OF MT ST JOSEPH-ON-THE-OHIO	4.05405	74
CLEVELAND INSTITUTE OF ART	4.00000	50
WRIGHT STATE UNIV CENTRAL OFFICE	3.95408	784
MOUNT UNION COLLEGE	3.93701	127
CASE WESTERN RESERVE UNIVERSITY	3.62438	607
DEFIANCE COLLEGE	3.57143	140
NOTRE DAME COLLEGE	3.57143	28
UNIV OF TOLEDO	3.47490	1036
MOUNT VERNON NAZARENE COLLEGE	3.42466	146
YOUNGSTOWN STATE UNIVERSITY	3.40502	558
KETTERING COLLEGE OF MEDICAL ARTS	3.22581	62
CLEVELAND ST UNIV	3.14735	699
COLLEGE OF WOOSTER	3.01205	166
WITTENBERG UNIVERSITY	3.00000	200
CEDARVILLE COLLEGE	2.92398	171
KENT STATE UNIV STARK CO BR	2.70270	37
KENT STATE UNIV TRUMBULL BR	2.70270	37
UNIV OF DAYTON	2.64447	1021
BOWLING GREEN ST UNIV MAIN CAMPUS	2.58811	1816
UNIV OF CINCINNATI COL OF MED	2.54777	157
OHIO NORTHERN UNIVERSITY	2.50784	319
OHIO STATE UNIV CENTRAL OFFICE	2.46202	3818
JOHN CARROLL UNIVERSITY	2.37154	253
MIAMI UNIVERSITY CENTRAL OFFICE	2.08071	1586
NORTHEASTERN OHIO UNIVS/COL OF MED	2.04082	49
OHIO WESLEYAN UNIVERSITY	2.02020	198
MALONE COLLEGE	2.00000	50
DENISON UNIVERSITY	1.98020	202
WALSH COLLEGE	1.88679	53
LAKELAND COMMUNITY COLLEGE	1.38889	72
CASE WESTERN RES UNIV SCH OF DENT	1.29870	77
MEDICAL COLLEGE OF OHIO AT TOLEDO	1.26582	79
LAKE ERIE COLLEGE	1.17647	85
OHIO ST UNIV/COL OF DENTISTRY	1.16279	86
MUSKINGUM COLLEGE	0.84034	119
AIR FORCE INSTITUTE OF TECHNOLOGY	0.00000	1
ART ACADEMY OF CINCINNATI	0.00000	13
ATHENAEUM OF OHIO	0.00000	6
BLISS COLLEGE	0.00000	1
BORROMEO COLLEGE OF OHIO	0.00000	7
TRINITY LUTHERAN SEMINARY	0.00000	15
HEBREW UNION COLLEGE MAIN CAMPUS	0.00000	9
KENT STATE UNIV GEAUGA CO CTR	0.00000	4
KENT STATE UNIV SALEM	0.00000	9
KENT STATE UNIV TUSCARAWAS CO BR	0.00000	16
KENYON COLLEGE	0.00000	132
LOURDES COLLEGE	0.00000	10
ELYRIA MEM HOSP M B JOHNSON SC NURS	0.00000	4
MARY MANSE COLLEGE	0.00000	1
MIAMI-JACOBS JUNIOR COL OF BUSINESS	0.00000	3
UNIV OF CINCINNATI OH COL APP SCI	0.00000	2
OHIO STATE UNIV MANSFIELD BRANCH	0.00000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
OHIO UNIV BELMONT COUNTY BRANCH	0	2
OHIO UNIV CHILLICOTHE BRANCH	0	2
PONTIFICAL COLLEGE JOSEPHINUM	0	9
PROVIDENCE HOSP SCH OF NURSING	0	4
ST JOHN COLLEGE OF CLEVELAND	0	1
UNITED THEOLOGICAL SEMINARY	0	18
URSULINE COLLEGE	0	44
CUYAHOGA CMTY COL WESTERN CAMPUS	0	3
MILLER-DRAUGHON COLLEGE	0	1
MOUNT CARMEL MED CTR SCH OF NURSING	0	24
CHILDRENS HOSP MED CTR AKRON SCH	0	1
RIVERSIDE HOSP SCH OF XRAY TECH	0	1
NORTH CENTRAL TECHNICAL COLLEGE	0	3
AKRON CTY HOSP IDABELLE FIRE SCH NS	0	20
AULTMAN HOSP SCH OF NURSING	0	15
BETHESDA HOSP SCH OF NURSING	0	12
CHRIST HOSP SCH OF NURSING	0	32
CLEVELAND MET GEN HOSP SCH NURSING	0	3
DEACONESS HOSP SCH OF NURSING	0	6
FAIRVIEW GEN HOSP SCH OF NURSING	0	5
MIAMI VALLEY HOSP SCH OF NURSING	0	20
HURON ROAD HOSP SCH OF NURSING	0	10
JEWISH HOSP SCH OF NURSING	0	9
LUTHERAN HOSPITAL SCH OF NURSING	0	9
MASSILLON COMM HOP SCH OF NURSING	0	4
TIMKEN-MERCY HOSP SCH OF NURSING	0	1
MERCY HOSP SCH OF NURSING	0	1
MERCY HOSP SCH OF NURSING	0	18
ST ALEXIS HOSP SCH OF NURSING	0	1
ST VINCENT HOSP SCH OF NURSING	0	10
TOLEDO HOSP SCH OF NURSING	0	22
TRUMBULL MEM HOSP SCH OF NURSING	0	3
COLLEGE OF DAYTON ART INSTITUTE	0	1
CUYAHOGA CMTY COL METRO CAMPUS	0	1
JEFFERSON TECHNICAL COLLEGE	0	4
MEDICAL COLLEGE OF OHIO AT TOLEDO	0	12
NORTHWEST TECHNICAL COLLEGE	0	1
UNIV HOSP SCH OF ANESTHESIA FOR NUR	0	1
HOLZER MEDICAL CTR SCH OF NURSING	0	1
CMTY HOSP SPRINFLD CLARK CO SCH NUR	0	14
WEST SIDE INSTITUTE OF TECHNOLOGY	0	1
RIGGS LEMAR BEAUTY COLLEGE	0	2
MANSFIELD GEN HOSP SCH OF NURSING	0	9
SHAWNEE STATE COMMUNITY COLLEGE	0	1
OHIO STATE SCHOOL OF COSMETOLOGY	0	1
COOPER SCHOOL OF ART	0	6
CHATFIELD COLLEGE	0	4
STARK TECHNICAL COLLEGE	0	4
CINCINNATI COLLEGE OF MORTUARY SCI	0	13
CENTRAL OHIO TECHNICAL COLLEGE	0	2
ANTONELLI INSTITUTE OF ART & PHOTO	0	1
HILLCREST HOSP NUCLEAR MED INST	0	3

OHIO (cont'd) -124-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MIAMI VALLEY HOSP RESP THERTEC PRG	0	1
VIRGINIA MARTI FASHION INSTITUTE	0	1
OHIO INST OF PHOTOGRAPHY	0	12
OHIO STATE COLLEGE OF BARBER STYLE	0	1
GALLIA JACKSON VINTON JOINT SCH ADU	0	5
CLARK GILBERT & SILVERHORNE ACAD	0	1
MIAMI VALLEY HOS/SCH/NUC/MED/TECH	0	1
CLEVELAND INST OF DENTAL-MED ASST	0	1
ROBERT A TAFT ADULT HIGH SCHOOL	0	1
INSTITUTE OF TECHNICAL CAREERS	0	1
TRI-RIVERS MARION GEN HOSP-PRAC NUR	0	6
TRI-STATE BEAUTY COLLEGE	0	1
RIVERSIDE METH HOSP NUCL MED TECH	0	3
RETS TECH CENTER	0	3
GOD'S BIBLE SCHOOL & COLLEGE	0	1
COLUMBUS PUB SCH OCCUP THER ASSIST	0	4
MARIETTA MEM HOSP SCH OF RAD TECH	0	1
SAWYER COLLEGE OF BUSINESS	0	1
CASE WESTERN RES UNIV SCH OF MED	0	113
OHIO ST UNIV/COL OF MEDICINE	0	125
OHIO UNIV COL OF OSTEOPATHIC MED	0	1
OHIO ST UNIV/COL OF OPTOMETRY	0	28
OHIO NORTHERN UNIV-RAABE COL OF	0	1
OHIO ST UNIV-COL OF PHARMACY	0	7
U OF CINCINNATI-COL OF PHARMACY	0	1
OHIO COLLEGE OF PODIATRIC MEDICINE	0	4
OHIO ST UNIV-COLL OF VET MEDICINE	0	62

OKLAHOMA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BLACKWOOD BUSINESS COLLEGE	100.000	2
PAULS BEAUTY COLLEGE	100.000	1
STILLWATER SCHOOL OF COSMETOLOGY	100.000	2
TULSA ACADEMY OF HAIRSTYLING	80.000	5
SEMINOLE JUNIOR COLLEGE	73.684	19
ROGERS STATE COLLEGE	72.222	18
UNITED TECHNICAL INSTITUTE	67.089	316
SAND SPRINGS BEAUTY COLLEGE	66.667	3
CONNORS STATE COLLEGE	63.636	11
OKLAHOMA CITY ADULT V-T TRAIN CTR	58.824	17
CLIMATE CONTROL INSTITUTE INC OF OK	58.537	41
MURRAY STATE COLLEGE	57.143	14
SOUTHWEST AUTOMOTIVE SCHOOL	55.245	143
WESTERN OKLAHOMA STATE COLLEGE	53.846	13
FLAMING RAINBOW UNIVERSITY	53.846	13
OKLAHOMA FARRIER'S COLLEGE	52.941	17
OKLAHOMA JUNIOR COL OF BUS & TECH	51.717	466
UNIV OF SCIENCE & ARTS OF OKLAHOMA	50.000	6
ROBERTS BEAUTY TRAINING CENTER	50.000	4
OKLAHOMA STATE UNIV TECH INST	50.000	2
GORDON COOPER AREA VOC TECH SCHOOL	50.000	4
OKLAHOMA CITY COMMUNITY COLLEGE	48.780	41
ENID BEAUTY COLLEGE	46.154	13
AAA WELDING SCHOOL	46.154	26
SOONER COLLEGE OF TECHNOLOGY	44.828	58
HOLLYWOOD BEAUTY COLLEGE	42.857	7
CAMERON UNIVERSITY	40.741	54
OKLAHOMA STATE UNIV OKLAHOMA CITY	40.000	10
DRAUGHON COLLEGE	40.000	95
TULSA COUNTY AREA VOC. TECH SCHOOL	40.000	5
LANGSTON UNIVERSITY	39.474	38
KIAMICHI AREA VOC TECH SCHOOL	39.130	23
SOUTHEASTERN OKLAHOMA STATE UNIV	37.681	69
EL RENO JUNIOR COLLEGE	37.500	16
MOORE-NORMAN AREA VOC TECH SCHOOL	37.500	8
NORTHEASTERN OKLAHOMA STATE UNIV	36.875	160
NORTHERN OKLAHOMA COLLEGE	36.000	25
AMERICAN COLLEGE OF HEALTH CAREERS	36.000	25
CARL ALBERT JUNIOR COLLEGE	33.333	6
MIDWEST CHRISTIAN COLLEGE	33.333	3
OSCAR ROSE JUNIOR COLLEGE	31.579	38
OKLAHOMA PANHANDLE STATE UNIVERSITY	30.000	30
TULSA JUNIOR COLLEGE	28.571	7
CENTRAL STATE UNIVERSITY	28.485	165
BACONE COLLEGE	26.667	15
BRYAN INSTITUTE	25.806	155
TULSA WELDING SCHOOL	23.741	139
UNIV OF OKLAHOMA NORMAN CAMPUS	19.252	535
OKLAHOMA STATE UNIV OKMULGEE	19.048	84
SPARTAN SCHOOL OF AERONAUTICS	18.794	431
PHILLIPS UNIVERSITY	18.182	22
OKLAHOMA CITY UNIV	17.073	82

OKLAHOMA (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
EASTERN OKLAHOMA STATE COLLEGE	16.6667	18
NORTHEASTERN OKLAHOMA AGR & MEC COL	16.6667	24
OKLAHOMA BAPTIST UNIVERSITY	15.3846	39
OKLAHOMA COL OF OSTEO MED & SURG	14.2857	7
OKLAHOMA STATE UNIV MAIN CAMPUS	13.7324	568
BARTLESVILLE WESLEYAN COLLEGE	13.0435	46
OKLAHOMA CHRISTIAN COLLEGE	12.7517	149
BETHANY NAZARENE COLLEGE	11.7188	128
SOUTHWESTERN OKLAHOMA STATE UNIV	10.1852	108
ORAL ROBERTS UNIVERSITY	9.5349	430
NATL EDUC CTR-NATL INST OF TECH CAM	8.8235	34
NORTHWESTERN OKLAHOMA STATE UNIV	8.3333	36
EAST CENTRAL OKLAHOMA STATE UNIV	6.2500	32
UNIVERSITY OF TULSA	5.8333	240
UNIV OF OKLAHOMA HEALTH SCIENCE CTR	5.0420	119
MID-AMERICA BIBLE COLLEGE	2.7778	36
SAYRE JUNIOR COLLEGE	0.0000	1
ST GREGORYS COLLEGE	0.0000	4
DRAUGHON SCHOOL OF BUSINESS	0.0000	2
OKLAHOMA SCH OF BANKING & BUSINESS	0.0000	4
TRI COUNTY AREA VOC TECH SCHOOL	0.0000	3
CENTRAL OKLAHOMA AREA VOC TECH SCH	0.0000	1
CANADIAN VALLEY AREA VOC TECH SCH	0.0000	1
HILLSDALE FREE WILL BAPTIST COLLEGE	0.0000	3
WESTERN OKLAHOMA AREA VOC TECH SCH	0.0000	2
ALADDIN BEAUTY COLLEGE # 9	0.0000	6
PIONEER AREA VOC TECH SCH DIST NO 1	0.0000	1
TULSA CNTY VOC SCH OF PRAC NURSING	0.0000	2
INDIAN MERIDIAN AREA VOC-TECH SCH	0.0000	3
CENTRAL STATE BEAUTY ACADEMY	0.0000	1
BROKEN ARROW BEAUTY COLLEGE	0.0000	5

OREGON

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WESTERN EVANGELICAL SEMINARY	50.0000	2
MEDFORD BEAUTY SCHOOL	50.0000	2
UNIVERSITY BEAUTY COLLEGE	50.0000	2
OREGON POLYTECHNIC INSTITUTE	41.3793	29
TREASURE VALLEY COMMUNITY COLLEGE	37.5000	8
WESTERN BUSINESS COLLEGE	31.2925	147
MERRITT DAVIS SCHOOL OF COMMERCE	28.1250	32
LA GRANDE COLLEGE OF BUSINESS	25.0000	4
ITT TECHNICAL INSTITUTE	21.0970	948
BRADFORD SCHOOL	20.0000	20
PHAGANS BEAUTY COLLEGE	20.0000	5
MILWAUKIE BEAUTY SCHOOL	20.0000	5
WESTERN BEAUTY COLLEGE	20.0000	5
EUGENE BIBLE COLLEGE	20.0000	5
CHEMEKETA COMMUNITY COLLEGE	19.3548	62
OREGON HEALTH SCIENCES UNIV MED SCH	16.6667	6
COMPUTER CAREER INSTITUTE	15.7895	19
MERRITT DAVIS BUSINESS COLLEGE	14.8148	27
GRANTS PASS COLLEGE OF BEAUTY	14.2857	7
CONCORDIA COLLEGE	13.3333	30
WESTERN BAPTIST BIBLE COLLEGE	12.5000	32
CLATSOP COMMUNITY COLLEGE	12.5000	8
OREGON HEALTH SCIENCES UNIV DEN SCH	12.5000	8
COLLEGE OF LEGAL ARTS	12.5000	8
NORTHWESTERN COLLEGE OF BUSINESS	11.7647	34
COLUMBIA CHRISTIAN COLLEGE	11.5385	26
EASTERN OREGON COLLEGE	11.2500	80
LINN-BENTON COMMUNITY COLLEGE	10.9375	64
JUDSON BAPTIST COLLEGE	10.2041	49
LANE COMMUNITY COLLEGE	9.7561	123
WARNER PACIFIC COLLEGE	9.0909	33
LEWIS & CLARK COLLEGE - COL OF LAW	8.0000	50
LEWIS & CLARK COLLEGE	7.6923	117
MARYLHURST EDUCATION CENTER	7.6923	39
PACIFIC UNIVERSITY	7.5472	53
WILLAMETTE UNIVERSITY	7.2165	97
SOUTHERN OREGON STATE COLLEGE	6.2827	191
BASSIST INSTITUTE	6.2500	16
WESTERN OREGON STATE COLLEGE	6.1404	114
UNIVERSITY OF OREGON MAIN CAMPUS	5.5172	580
OREGON INSTITUTE OF TECHNOLOGY	5.3763	93
PORTLAND STATE UNIVERSITY	5.2478	343
GEORGE FOX COLLEGE	4.7619	42
MULTNOMAH SCHOOL OF THE BIBLE	4.3478	23
MOUNT HOOD COMMUNITY COLLEGE	3.9216	51
ROGUE COMMUNITY COLLEGE	3.7037	27
WESTERN STATES CHIROPRACTIC COLLEGE	3.3333	60
CLACKAMAS COMMUNITY COLLEGE	3.1250	32
PORTLAND COMMUNITY COLLEGE	2.5000	120
REED COLLEGE	2.1505	93
OREGON STATE UNIVERSITY	2.1164	567
PACIFIC UNIV/COL OF OPTOMETRY	1.8519	54

OREGON (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
LINFIELD COLLEGE	1.53846	65
UNIVERSITY OF PORTLAND	1.49254	67
BLUE MOUNTAIN COMMUNITY COLLEGE	0.00000	15
CENTRAL OREGON COMMUNITY COLLEGE	0.00000	11
MOUNT ANGEL SEMINARY	0.00000	2
PACIFIC NORTHWEST COLLEGE OF ART	0.00000	10
NORTHWEST CHRISTIAN COLLEGE	0.00000	10
SOUTHWESTERN OREGON COMMUNITY COL	0.00000	6
UMPQUA COMMUNITY COLLEGE	0.00000	11
OREGON HEALTH SCIENCES UNIV MED SCH	0.00000	25
GOOD SAMARITAN HOSP SCH OF NURSING	0.00000	8
WESTERN CONS BAPT THEOL SEMINARY	0.00000	19
PORTLAND ST UNIV JT LIBRARY	0.00000	1
A ART COLLEGE OF BEAUTY	0.00000	3
SPRINGFIELD COLLEGE OF BEAUTY	0.00000	1
EXEC INST OF HAIR DESIGN MEN/WOMEN	0.00000	10
ACADEMY OF HAIR DESIGN	0.00000	1
HILLSBORO SCHOOL OF BEAUTY	0.00000	7
PHAGANS CENTRAL OREGON BEAUTY COL	0.00000	4
PHAGANS GATEWAY COLLEGE OF BEAUTY	0.00000	5
PHAGANS SCHOOL OF HAIR DESIGN	0.00000	3
PHAGANS SCHOOL OF BEAUTY	0.00000	5
OREGON CITY BEAUTY SCHOOL	0.00000	1
PHAGAN'S TIGARD BEAUTY SCHOOL	0.00000	2
MODERN BEAUTY COLLEGE	0.00000	5
BEAU MONDE COLLEGE OF HAIR DESIGN	0.00000	4
EDWARD WADSWORTH INST / HAIR DESIGN	0.00000	2
PROGESSING COLLEGE OF BEAUTY	0.00000	2
STYLEMASTERS COL/BARBER & HAIR DSGN	0.00000	2
ARTISTIC SCHOOL OF HAIR DESIGN	0.00000	2
COSMETOLOGY CAREERS UNLIMITED	0.00000	2
OREGON COLLEGE OF BTY & BARBERING	0.00000	1
OREGON HEALTH SCIENCES UNIV DEN SCH	0.00000	16
OREGON STATE UNIVERSITY-SCHOOL OF	0.00000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CLARION STATE COL VENANGO CAMPUS	100.000	1
REFORMED PRESBYTERIAN THEOL SEMINAR	100.000	1
ELEGANT SCHOOL OF BEAUTY	100.000	1
ST JOSEPH HOSP SCH & HLTH CARE CTR	100.000	1
HEAD HUNTERS ACADEMY OF COSMETOLOGY	73.418	79
WELDER TRAINING & TESTING INSTITUTE	71.739	184
AIRCO TECHNICAL INSTITUTE	70.833	48
AIRCO TECHNICAL INSTITUTE	63.244	487
WILFRED ACADEMY	61.290	124
WILFRED ACAD OF HAIR & BEAUTY CULT	60.860	442
ALLEGHENY BEAUTY ACADEMY	58.333	12
NEW CASTLE BUSINESS SCHOOL	57.143	14
LANCASTER BEAUTY COLLEGE	54.839	31
WIL-MAR COLLEGE OF COSMETOLOGY	54.545	11
PENN COMMERCIAL BEAUTY ACADEMY	54.167	24
MISS CONNIE KERSHAW'S BEAUTY ACAD	53.846	13
GORDON PHILLIPS SCH OF BTY CULTURE	53.795	303
DELAWARE VALLEY SCHOOL OF TRADES	52.851	456
CRAFT FASHION INSTITUTE	52.747	91
NORTHEASTERN TECHNICAL INSTITUTE	52.321	948
CHEYNEY UNIVERSITY OF PENNSYLVANIA	51.273	275
PHILADELPHIA SCH OF OFFICE TRAINING	51.119	268
WEST SIDE AREA VOC-TECH SCH	50.000	6
MURRELL DOBBINS AREA VOC-TECH SCH	50.000	2
ROLLING HILL HOSP SCH OF RAD-TECH	50.000	2
YORK HOSP SCH OF RADIOLOGIC TECH	50.000	2
COMPUTER COMMUNICATIONS INSTITUTE	49.715	527
PALMER SCHOOL	49.593	123
BEREAN INST-TRADE TECH & BUS ONLY	46.667	30
GORDON PHILLIPS SCH OF BTY CULTURE	46.121	232
NATIONAL SCH OF HEALTH TECHNOLOGY	45.968	372
PTC CAREER INSTITUTE - PHILADELPHIA	44.588	1395
PENN ST U ALTOONA CAMPUS	42.857	7
DOUGLAS SCHOOL OF BUSINESS, INC.	42.857	14
M T A	42.323	2944
NORTHEASTERN CHRISTIAN JUNIOR COL	39.535	43
LINCOLN UNIVERSITY	39.252	214
NEW CASTLE SCHOOL OF BEAUTY CULTURE	39.130	23
GORDON PHILLIPS SCH OF BTY CULTURE	38.889	36
J M THOMPSON ACADEMIES	38.390	323
LYONS TECHNICAL SCHOOL	38.315	368
AMERICAN TECHNICAL INSTITUTE	38.235	34
PHILADELPHIA PRINTING SCHOOL	37.500	144
CAREER INSTITUTE	36.364	11
PENNSYLVANIA INST OF TECHNOLOGY	35.294	85
ORLEANS TECHNICAL INSTITUTE	35.294	34
CHEENAS BEAUTY ACADEMY	35.000	20
WILFRED ACAD OF HAIR & BEAUTY CULT	34.783	161
READING AREA COMMUNITY COLLEGE	34.409	93
SAWYER SCHOOL	33.939	330
MCCARRIE SCH OF HEALTH SCI AND TECH	33.692	279
CURTIS INSTITUTE OF MUSIC	33.333	6

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
TRACEY-WARNER SCH OF FASHION DESIGN	33.3333	24
PINEBROOK JUNIOR COLLEGE	33.3333	12
CROZER CHESTER SCH OF RAD-TECH	33.3333	3
ST FRANCIS MED CTR SCH-RESPIRA CARE	33.3333	3
DU BOIS SCHOOL OF TRADES	33.3333	9
ERIE INSTITUTE OF TECHNOLOGY	33.3333	6
PHILADELPHIA TECH INST SCH OF TRADE	33.3333	18
PEIRCE JUNIOR COLLEGE	33.1522	184
NATL EDUCATION CENTER-THOMPSON INST	32.9545	440
CMTY COL OF PHILADELPHIA	32.4194	620
GORDON PHILLIPS SCH OF BTY CULTURE	32.1839	174
J H THOMPSON'S HAIR CUT/STYLE ACAD	32.0388	103
WELDER TRAINING & TESTING INSTITUTE	31.9444	72
CONTROL DATA INSTITUTE	31.9149	47
DUFFS BUSINESS INSTITUTE	31.8182	440
UNIONTOWN BEAUTY ACADEMY	30.9091	55
RESTAURANT SCHOOL	30.4348	46
DEAN INSTITUTE OF TECHNOLOGY	30.1075	93
FRANCO BEAUTY ACADEMY	30.0000	20
JERRYTONE SCHOOL OF BEAUTY CULTURE	29.5455	44
COMBS COLLEGE OF MUSIC	28.5714	14
LEHIGH DATA PROCESSING INSTITUTE	28.5714	21
INSTITUTE OF SECURITY & TECHNOLOGY	28.5714	21
CONNELLEY SKILL-LEARNING CENTER	28.4091	88
CMTY COL OF DELAWARE COUNTY	28.1633	245
WELDER TRAINING & TESTING INSTITUTE	28.0000	50
PHILA COL OF THE PERFORMING ARTS	27.9412	68
NORTHEAST INSTITUTE OF EDUCATION	27.9412	68
ALTOONA AREA VOC-TECH SCHOOL	27.7778	36
WILLOW GROVE BEAUTY ACADEMY	27.7778	18
CMTY COL OF ALLEG COUNTY	27.6289	970
WELDER TRAINING & TESTING INSTITUTE	27.5862	29
THADDEUS STEVENS STATE SCH OF TECH	27.2727	22
EMPIRE BEAUTY SCHOOL	27.2727	11
LINCOLN TECHNICAL INSTITUTE	27.2277	202
NEW CASTLE SCHOOL OF TRADES	27.1523	151
VENUS BEAUTY SCHOOL	26.9841	63
HEAD HUNTERS WEST SHORE ACADEMY	26.9231	26
BRYLAND SCHOOL OF BEAUTY	26.6667	15
WESTERN SCH/HLTH BUSINESS CAREER	26.6667	255
TECHNICIAN TRAINING SCHOOL	26.4249	193
ROSEDALE TECHNICAL INSTITUTE	26.3359	262
FRANCO BEAUTY ACADEMY	26.3158	19
YORKTOWNE BUSINESS INSTITUTE	26.2500	80
JO-MAR BEAUTY SCHOOL	25.9259	27
AMERICAN INSTITUTE OF DRAFTING	25.8824	85
DELAWARE COUNTY INSTITUTE OF TRAINI	25.8065	31
PENN ST U SHENANGO VALLEY CAMPUS	25.0000	4
CITIZENS GEN HOSP SCH OF NURSING	25.0000	12
BREEDEN SCHOOL OF WELDING	25.0000	4
WESTERN PA HOSP BENEDUM SCH MED-TEC	25.0000	4
SCHUYLKILL BUSINESS INSTITUTE	25.0000	8

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
PENNSYLVANIA SCHOOL OF THE ARTS	25.0000	4
HARCUM JUNIOR COLLEGE	24.2424	99
ALLENTOWN SCHOOL OF COSMETOLOGY	24.1379	29
PRESBYTERIAN HOSP SCH OF PRA NURS	23.5294	17
MONTGOMERY COUNTY COMMUNITY COLLEGE	23.3333	150
FPM DATA PROCESSING SCHOOL, INC	23.3333	30
TRIANGLE TECH	23.0769	65
PENN ACAD OF COSMETOLOGY ARTS & SCI	23.0769	130
EMPIRE BEAUTY SCHOOL INC	22.7273	22
NATL ED CENTER-ALLENTOWN BUS SCH	22.4000	250
BRANDYWINE SCHOOL OF NURSING	22.2222	9
COMPUTER SYSTEMS INST INC	22.1790	257
TRIANGLE TECH	22.0930	86
ART INSTITUTE OF PHILADELPHIA	21.6710	383
ERIE BUSINESS CENTER	21.6216	37
BUCKS COUNTY COMMUNITY COLLEGE	21.5190	158
WASHINGTON INSTITUTE OF TECHNOLOGY	21.4286	28
CMTY COL OF BEAVER COUNTY	21.2121	132
AMBLER BEAUTY ACADEMY	21.0526	19
EMPIRE BEAUTY SCHOOL	20.9302	43
GORDON PHILLIPS SCH OF BTY CULTURE	20.9302	43
EMPIRE BEAUTY SCHOOL INC OF HARRISB	20.8333	24
EMPIRE BEAUTY SCHOOL INC OF HARRISB	20.6897	29
WESTMORELAND COUNTY CMTY COLLEGE	20.6897	232
RPSC SCHOOL (THE)	20.6897	29
RETS ELECTRONIC SCHOOLS	20.3187	502
PENN ST U BEHREND CAMPUS	20.0000	5
CHESTER CO HOSP SCH OF NURSING	20.0000	5
ALTOONA SCH OF COMMERCE & ZETH SCH	20.0000	30
EMPIRE BEAUTY SCHOOL	20.0000	15
EMPIRE BEAUTY SCHOOL	20.0000	15
GORDON PHILLIPS SCH OF BTY CULTURE	20.0000	60
OAKBRIDGE ACADEMY OF ARTS	20.0000	10
UNIV OF PENN SCHOOL OF MED	20.0000	5
LUZERNE COUNTY COMMUNITY COLLEGE	19.3548	155
HARRISBURG AREA COMMUNITY COLLEGE	19.2708	192
EMPIRE BEAUTY SCHOOL	19.2308	26
PITTSBURGH BEAUTY ACADEMY	19.0883	351
ARDOM BEAUTY ACADEMY	19.0476	21
ALLIANCE COLLEGE	18.7500	32
U OF PITT TITUSVILLE CAMPUS	18.7500	16
GATEWAY TECHNICAL INSTITUTE INC	18.7500	160
SHENANGO VALLEY SCHOOL OF BUSINESS	18.7500	80
LACKAWANNA JUNIOR COLLEGE	18.6813	91
PENN STATE COSMETOLOGY	18.5185	27
NEW KENSINGTON COMMERCIAL SCHOOL	18.1818	88
NEW SCHOOL OF MUSIC	18.1818	11
STROUDSBURG SCHOOL OF COSMETOLOGY	18.1818	22
ART INSTITUTE OF PITTSBURGH	18.0451	665
TEMPLE UNIVERSITY	18.0169	2370
PENN COMMERCIAL COLLEGE	17.7778	45
LANCASTER BIBLE COLLEGE	17.6471	34

PENNSYLVANIA (cont'd) -132-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
HUSSIAN SCHOOL OF ART	17.6471	34
PRAC NURSING PGRM LACKAWANNA CAVTS	17.6471	17
MEDIAN SCHOOL INC	17.6282	312
WILLIAMSPORT SCHOOL OF COMMERCE	17.1875	64
NORTHAMPTON CO AREA CMTY COLLEGE	16.8750	160
MANOR JUNIOR COLLEGE	16.6667	36
VALLEY FORGE MILITARY JUNIOR COL	16.6667	6
ST FRANCIS HOSP NEW CASTLE SCH NURS	16.6667	6
KEYSTONE SECRETARIAL & BUS ADM SCH	16.6667	6
EMPIRE BEAUTY SCHOOL	16.6667	18
POTTSVILLE HOSP SCH OF NURSING	16.6667	6
PENNCO TECH	16.0279	287
BUCKS COUNTY TECHNICAL SCHOOL	16.0000	25
NATL EDUCATION CENTER-VALE TECH	15.8371	221
UNITED WESLEYAN COLLEGE	15.7895	19
YORK TECHNICAL INSTITUTE	15.7895	19
WILLIAMSPORT AREA COMMUNITY COLLEGE	15.5756	443
BRADFORD SCHOOL	15.4605	304
LEVITTOWN BEAUTY COLLEGE	15.3846	13
LIBERONI BEAUTY ACADEMY	15.3846	26
ANTONELLI INST OF ART & PHOTOGRAPHY	15.2542	59
U OF PITT GREENSBURG CAMPUS	15.0327	153
ICM SCHOOL OF BUSINESS	15.0000	540
SCHOOL OF COMPUTER TECHNOLOGY	14.7813	663
SOUTH HILLS BUSINESS SCHOOL	14.2857	35
PENNSYLVANIA ACAD OF THE FINE ARTS	14.2857	28
PENN COLLEGE OF STRAIGHT CHIROPRATI	14.2857	42
PHILADELPHIA COL OF TEXTILES & SCI	14.2322	267
THIEL COLLEGE	13.9535	129
READING-MUHLENBERG VOC-TECH SCH	13.7931	29
HOLY FAMILY COLLEGE	13.4328	67
LANCASTER THEOLOGICAL SEMINARY	13.3333	15
YORK COUNTY AREA VOC-TECH SCHOOL	13.0435	46
EMPIRE BEAUTY SCHOOL	13.0435	23
LEHIGH COUNTY COMMUNITY COLLEGE	12.9870	154
TRIANGLE TECH	12.9032	62
CAMBRIA-ROWE BUSINESS COLLEGE	12.8713	101
GREENSBURG INSTITUTE OF TECHNOLOGY	12.6984	63
UPPER BUCKS CO AREA VOC-TECH SCH	12.5000	16
ST AGNES MED CTR SCH OF NURSING	12.5000	16
ALTOONA HOSP SCH OF NURSING	12.5000	8
METHODIST HOSP SCH OF NURSING	12.5000	8
JAMESON MEM HOSP SCH OF NURSING	12.5000	8
HARRISBURG BARBER SCHOOL	12.5000	8
EASTERN COLLEGE	12.3288	73
CHATHAM COLLEGE	12.2807	57
LASALLE UNIVERSITY	12.2040	549
LINCOLN TECHNICAL INSTITUTE	12.1673	263
MONROEVILLE SCHOOL OF BUSINESS	12.1622	74
ELECTRONIC INSTITUTES	12.0968	124
CENTRE CTY VOC-TECH SCH PRAC NURS	12.0000	25
EMPIRE BEAUTY SCHOOL	12.0000	25

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
EDINBORO UNIVERSITY OF PENNSYLVANIA	11.9205	755
LANSDALE SCHOOL OF BUSINESS	11.7647	102
JAMES MARTIN SCH ADULT VOC TECHCTR	11.7647	17
IMMACULATA COLLEGE	11.5385	78
SPRING GARDEN COLLEGE	11.4754	122
DU BOIS BUSINESS COLLEGE	11.4035	114
PENN ST U NEW KENSINGTON CAMPUS	11.1111	9
FAYETTE CTY VOC-TECH PRACT NUR PROG	11.1111	9
EASTERN MONTGOMERY CO TECH SCHOOL	11.1111	18
EPISCOPAL HOSP SCH OF NURSING	11.1111	18
PRESBYTERIAN HOSP SCH OF NURSING	11.1111	18
SACRED HEART HOSP SCH OF PRAC NURSE	11.1111	18
EMPIRE BEAUTY SCHOOL	11.1111	18
EMPIRE BEAUTY SCHOOL	11.1111	9
POINT PARK COLLEGE	10.9091	275
CALIF UNIVERSITY OF PENNSYLVANIA	10.9053	486
TEMPLE UNIVERSITY SCH OF PHARMACY	10.8108	37
ACADEMY OF HAIR DESIGN	10.7143	28
BUSINESS CAREERS INSTITUTE INC	10.6383	47
TEMPLE UNIVERSITY PHARMACY SCHOOL	10.5263	19
KATHERINE GIBBS SCHOOL	10.5263	133
PITTSBURGH INST OF AERO	10.4762	105
ALVERNIA COLLEGE	10.2564	39
ACADEMY OF MEDICAL ARTS & BUSINESS	10.1695	59
GREATER JOHNSTOWN AREA VOC-TECH SCH	10.0775	129
CARBON COUNTY AREA VOC-TECH SCHOOL	10.0000	10
CONEMAUGH VALLEY MEM HOSP SCH NURSE	10.0000	10
READING HOSP SCH OF NURSING	10.0000	10
CLARISSA SCHOOL	10.0000	30
MERCEDIAN SCH OF PRACTICAL NURSING	10.0000	20
WILMA BOYD CAREER SCHOOLS INC	9.9673	612
ROBERT MORRIS COLLEGE	9.9602	753
TEMPLE UNIVERSITY AMBLER CAMPUS	9.8765	324
VALLEY FORGE CHRISTIAN COLLEGE	9.7561	82
HAHNEMANN UNIVERSITY	9.7421	349
MOORE COLLEGE OF ART	9.7222	72
PENN TECHNICAL INSTITUTE	9.6491	114
BUTLER COUNTY COMMUNITY COLLEGE	9.5588	136
WAYNESBURG COLLEGE	9.4340	106
CHURCHMAN BUSINESS COLLEGE	9.3750	32
PHILADELPHIA COLLEGE OF ART	9.3264	193
WIDENER UNIVERSITY	9.2269	401
EAST STROUDSBURG UNIVERSITY	9.2184	499
ST JOSEPHS COLLEGE	9.1837	392
FRANKLIN CTY AREA VO-TECH/PRAC NURS	9.0909	22
SOUTH HILLS BEAUTY ACADEMY	9.0909	11
A EINSTEIN MED CTR SCH OF NURSING	8.9552	67
KEYSTONE JUNIOR COLLEGE	8.9109	101
CEDAR CREST COLLEGE	8.8889	90
U OF PITT BRADFORD CAMPUS	8.8496	113
EMPIRE BEAUTY SCHOOL	8.5714	35
PITTSBURGH TECHNICAL INSTITUTE	8.5106	94

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WEST CHESTER UNIVERSITY	8.37156	872
WILSON COLLEGE	8.33333	24
LA ROCHE COLLEGE	8.33333	132
ST JOSEPH HOSP SCH OF NURSING	8.33333	12
CLEARFIELD CTY VO-TECH SCH PRAC NUR	8.33333	12
GENEVA COLLEGE	8.28402	169
BEAVER COLLEGE	8.28025	157
MANSFIELD UNIVERSITY	8.19672	366
GANNON COLLEGE	8.17757	428
CABRINI COLLEGE	8.08081	99
MCCANN SCHOOL OF BUSINESS	8.00000	50
MERCYHURST COLLEGE	7.94702	151
PHILADELPHIA COL OF PHARMACY & SCI	7.82609	115
GREENE CO VOC-TECH SCHOOL	7.69231	13
CARLOW COLLEGE	7.61905	105
MARYWOOD COLLEGE	7.58621	290
MOUNT ALOYSIUS JUNIOR COLLEGE	7.57576	66
CHESTNUT HILL COLLEGE	7.40741	81
DELAWARE VALLEY COL OF SCIENCE & AG	7.14286	196
ST JOSEPHS HOSP SCH OF NURSING	7.14286	14
PRUNTOS HAIR DSGN INST-BTY SCH COSM	7.14286	14
FRANKFORD HOSP SCHOOL OF NURSING	7.14286	28
DREXEL UNIVERSITY	7.06320	1076
AUTOMOTIVE TRAINING CENTER	7.01754	57
LOCK HAVEN STATE COLLEGE	6.90789	304
U OF PITT MAIN CAMPUS	6.78763	2976
SLIPPERY ROCK UNIVERSITY OF PENNSYL	6.70171	761
WESTMINSTER THEOLOGICAL SEMINARY	6.66667	30
SHARON GEN HOSP SCH OF NURSING	6.66667	15
JOHNSON TECHNICAL INSTITUTE	6.66667	30
LEBANON VALLEY COLLEGE	6.33803	142
YORK COLLEGE OF PENNSYLVANIA	6.29371	286
ALLEGHENY COLLEGE	6.25000	208
COMMUNITY MED CTR SCH OF NURSING	6.25000	32
TEMPLE UNIVERSITY SCH OF MEDICINE	5.88235	119
SWARTHMORE COLLEGE	5.75540	139
EMPIRE BEAUTY SCHOOL	5.71429	35
PENN ST U MAIN CAMPUS	5.68544	5646
DUQUESNE UNIVERSITY	5.60399	803
WILLIAMSPORT HOSP SCH OF NURSING	5.55556	18
U OF PENN	5.46875	2048
KUTZTOWN UNIVERSITY OF PENNSYLVANIA	5.44000	625
WILKES COLLEGE	5.41401	314
DANVILLE AREA SCH DIST PRAC NUR PRG	5.40541	37
KINGS COLLEGE	5.38117	223
ST FRANCIS COLLEGE	5.36913	149
CARNEGIE-MELLON UNIVERSITY	5.25588	723
PITTSBURGH BARBER SCHOOL INC	5.00000	20
GWYNEDD-MERCY COLLEGE	4.87805	123
ST VINCENT COLLEGE	4.87805	82
CENTRE BUSINESS SCHOOL	4.87805	41
CLARION UNIVERSITY OF PENNSYLVANIA	4.87395	595

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MILLERSVILLE UNIVERSITY OF PENNSYL	4.84094	723
SETON HILL COLLEGE	4.71698	106
WASHINGTON JEFFERSON COLLEGE	4.71698	106
NEUMANN COLLEGE	4.68750	64
ELECTRONIC INSTITUTES	4.67290	107
INDIANA U OF PENN MAIN CAMPUS	4.60327	1651
ELIZABETHTOWN COLLEGE	4.59770	174
HAVERFORD COLLEGE	4.58015	131
THOS JEFFERSON UNIV DEPT OF MED TEC	4.54545	22
T JEFFERSON UNIV	4.52261	199
WESTMINSTER COLLEGE	4.49438	178
COLLEGE MISERICORDIA	4.46429	112
ALLENTOWN COL ST FRANCIS DE SALES	4.44444	135
UNIVERSITY OF SCRANTON	4.36893	412
ROSEMONT COLLEGE	4.34783	46
URSINUS COLLEGE	4.31655	139
BAPTIST BIBLE COLLEGE OF PA	4.25532	94
BRYN MAWR COLLEGE	4.14508	193
LUTHERAN THEOLOGICAL SEMINARY	4.00000	25
COMPUTER LEARNING CENTER-MAXWELL	3.92157	51
LYCOMING COLLEGE	3.89610	154
U OF PITT JOHNSTOWN CAMPUS	3.76984	504
JEFFERSON CO DUBOIS AREA VOC-TECH S	3.70370	27
THOS JEFFERSON UNIV MEDICAL COLLEGE	3.70370	27
JUNIATA-MIFFLIN CNTY AREA VO-TECH	3.70370	27
DICKINSON SCHOOL OF LAW	3.65854	82
TEMPLE UNIVERSITY TYLER SCH OF ARTS	3.57143	28
BLOOMSBURG UNIVERSITY OF PENNSYLVAN	3.34225	748
VILLANOVA UNIVERSITY	3.31384	1026
VILLA MARIA COLLEGE	3.22581	62
PENN COLLEGE OF PODIATRIC MEDICINE	3.12500	64
ST LUKES HOSP SCH OF NURSING	3.12500	32
LANCASTER SCHOOL OF COSMETOLOGY	3.12500	32
PENN COLLEGE OF PODIATRIC MEDICINE	3.12500	32
PHILADELPHIA COL OF OSTEOPATHIC MED	3.06748	163
DICKINSON COLLEGE	2.97619	168
MEDICAL COL OF PENNSYLVANIA	2.94118	102
TEMPLE UNIVERSITY SCH OF DENTISTRY	2.60870	115
LAFAYETTE COLLEGE	2.51046	239
FRANKLIN & MARSHALL COLLEGE	2.42718	206
ALBRIGHT COLLEGE	2.36686	169
SHIPPENSBURG UNIVERSITY OF PENNSYL	2.35988	678
CENTRAL PENNSYLVANIA BUSINESS SCH	2.28311	219
BUCKNELL UNIVERSITY	2.27848	395
UNIV OF PITTSBURGH SCH OF MED	2.24719	89
MUHLENBERG COLLEGE	1.86335	161
MORAVIAN COLLEGE MAIN CAMPUS	1.70455	176
PHILA COLLEGE OF THE BIBLE	1.53846	65
GETTYSBURG COLLEGE	1.38889	216
MERCY HOSP SCH OF NURSING	1.31579	76
PENN ST U MILTON S HERSHEY MED CTR	1.25000	80
LEHIGH UNIVERSITY	1.16110	689

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SUSQUEHANNA UNIVERSITY	1.13636	176
PENN COLLEGE OF OPTOMETRY	0.80645	124
MESSIAH COLLEGE	0.57143	175
GROVE CITY COLLEGE	0.38168	262
EASTERN BAPTIST THEOL SEMINARY	0.00000	10
EVANGELICAL SCHOOL OF THEOLOGY	0.00000	1
JUNIATA COLLEGE	0.00000	140
LUTHERAN THEOLOGICAL SEMINARY	0.00000	7
PENN ST U ALLENTOWN CAMPUS	0.00000	1
PENN ST U BEAVER CAMPUS	0.00000	3
PENN ST U BERKS CAMPUS	0.00000	1
PENN ST U FAYETTE CAMPUS	0.00000	1
PENN ST U HAZLETON CAMPUS	0.00000	1
PENN ST U MCKEESPORT CAMPUS	0.00000	1
PENN ST U SCHUYLKILL CAMPUS	0.00000	2
PENN ST U WILKES-BARRE CAMPUS	0.00000	1
PITTSBURGH THEOLOGICAL SEMINARY	0.00000	19
ST CHARLES BORROMEO SEMINARY	0.00000	6
INTERNATIONAL CORRESPONDENCE SCHOOL	0.00000	1
GRATZ COLLEGE	0.00000	1
ALLENTOWN HOSP SCH OF NURSING	0.00000	27
INDIANA U OF PENN ARMSTRONG	0.00000	1
MERCY HOSP SCH OF NURSING	0.00000	19
ROBERT PACKER HOSP SCH OF NURSING	0.00000	10
U OF PENN WHARTON SCH OF FIN & COMM	0.00000	4
ALTOONA HOSP SCH OF XRAY TECH	0.00000	6
ARMSTRONG CTY MEM HOSP SCH RAD TECH	0.00000	4
BRYN MAWR HOSP SCH OF XPAY TECH	0.00000	2
CMTY GEN HOSP SCH OF XRAY TECH	0.00000	1
GEISINGER MED CTR SCH OF RAD-TECH	0.00000	3
GERMANTOWN HOSP SCH OF XRAY TECH	0.00000	3
HARRISBURG POLY HOSP SCH OF XRA TEC	0.00000	1
THOS JEFFERSON UNIV SCH OF CYTOTECH	0.00000	2
THOS JEFFERSON UNIV SCH OF RAD TECH	0.00000	8
LANCASTER GEN HOSP SCH OF RAD-TECH	0.00000	4
LANKENAU HOSP SCH OF XRAY TECH	0.00000	1
PRESBYTERIAN-U HOSP SCH OF RAD-TECH	0.00000	1
SACRED HEART HOSP SCH OF XRAY TECH	0.00000	1
ST JOSEPH HOSP SCH OF XRAY TECH	0.00000	2
BRYN MAWR HOSP SCH OF NURSING	0.00000	13
CHESTNUT HILL HOSP SCH OF NURSING	0.00000	9
GERMANTOWN HOSP SCH OF NURSING	0.00000	10
HAHNEMANN MED COL HOSP SCH NURSING	0.00000	1
THOS JEFFERSON UNIV SCH OF NURSING	0.00000	1
LANKENAU HOSP SCH OF NURSING	0.00000	14
L S MCCLINTOCK SCH NURS ST MAR ME H	0.00000	5
MERCY HOSP SCH OF NURSING	0.00000	16
OHIO VALLEY GEN HOSP SCH NURSING	0.00000	11
ST FRANCIS MEDICAL CTR SCH NURSING	0.00000	10
ST VINCENT HOSP SCH OF NURSING	0.00000	15
SEWICKLEY VALLEY HOSP SCH NURSING	0.00000	32
SHADYSIDE HOSP SCH OF NURSING	0.00000	40

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
UNIONTOWN HOSP SCH OF NURSING	0	7
WASHINGTON HOSP SCH OF NURSING	0	60
WESTERN PA HOSP SCH OF NURSING	0	14
PENN ST U CAPITOL CAMPUS	0	28
PENN ST U DELAWARE CAMPUS	0	1
GEISINGER MED CTR SCH OF NURSING	0	59
ABINGTON MEM HOSP SCH OF NURSING	0	13
CMTY COL OF ALLEG CO SOUTH CAMPUS	0	1
ERIE CITY SCH DIST PRAC NURS PROG	0	5
MONOTYPE SCH-LANSTON MONOTYPE CO	0	1
CENTRAL CHESTES CO TECH PRAC NURS	0	6
HARRISBURG HOSP SCH ANESTHESIA	0	2
WIL-MAR BEAUTY SCHOOL	0	1
ST JOSEPH HOSP SCH OF NURSE ANESTHI	0	3
LANCASTER GEN HOSP SCH OF NURS	0	23
CRAWFORD CO AREA VOC-TECH SCHOOL	0	6
ST FRANCIS GEN HOSP SCH ANESTHESIA	0	6
ALVERNIA SCH OF PRAC NURSING	0	2
ST VINCENT SEMINARY	0	3
PITTSBURGH INST OF MORTUARY SCI	0	24
CONEMAUGH VALLEY MEM HOSP SCH RAD-T	0	1
NAZ HOSP SCH OF ANES FOR NURSES	0	3
A EINSTEIN MED CTR SCH OF RAD-TECH	0	2
ROBERT PACKER HOSP SCH OF MED-TECH	0	3
ST JOSEPH HOSP SCH OF MED-TECH	0	1
ALLENTOWN HOSP SCH OF XRAY TECH	0	2
MERCY HOSP SCH OF RAD-TECH	0	1
ST JOSEPH HOSP SCH OF RESP THERAPY	0	1
SOMERSET CMTY HOSP SCH OF XRAY TECH	0	1
ST VINCENT HOSP SCH OF MED-TECH	0	1
MERCER CO AREA VOC-TECH SCHOOL	0	7
ALLEGHENY VALLEY HOSP SCH OF ANEST	0	2
WESTERN PA HOSP SCH OF ANESTHESIA	0	3
MERCY HOSP SCH OF ANESTHESIA	0	2
MERCY HOSP SCH OF ANESTHESIA FOR NU	0	4
U HLT CTR-PITTS SCH ANES FOR NURSES	0	10
EPISCOPAL HOSP SCH OF RAD-TECH	0	1
HARRISBURG HOSP SCH OF NUC MED-TECH	0	3
JAMES C GUIFFRE MED CTR/PODIATRY	0	1
THOS JEFFERSON UNIV COL OF GRAD STU	0	1
THOS JEFFERSON UNIV GENERAL STUDIES	0	1
LANKENAU HOSP SCH OF NURSE ANESTHE	0	7
EMPIRE BEAUTY SCHOOL	0	7
WILLIAMSPORT HOSP SCH OF MED TECH	0	1
MCKEESPORT HOSP SCH OF NURSE ANEST	0	2
YESHIVATH BETH MOSHE	0	6
ROXBOROUGH MEM HOSP SCH OF NURSING	0	7
SHADYSIDE HOSP DIETETIC INTERNSHIP	0	2
ROBERT PACKER HOSP SCH OF SURG TECH	0	4
MERCY HOSP SCH OF ANESTHESIA	0	1
GRANDVIEW HOS SCH FOR RES THER TECH	0	2
CONEMAUGH VALL HOSP/SCH OF LAB ASST	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
BRADFORD HOSPITAL-SCH OF RAD TECH	0	2
GEISINGER WY VALLEY MED CTR SCH/MED	0	3
WARREN COUNTY AREA VO-TECH-PRAC NUR	0	12
SHADYSIDE HOSP SCH OF NUR ANESTHES	0	1
CONEMAUGH VALLEY MEM HOSP SURG TECH	0	5
MARRIAGE COUNCIL OF PHILADELPHIA	0	3
ST JOSEPHS HOSP SCH OF MED TECH	0	1
NORTHEASTERN HOSP SCHOOL OF NURSING	0	1
ALLEGHENY GEN HOSP SCH OF MED TECH	0	2
LEONARD'S HOLLYWOOD BEAUTY SCHOOL	0	2
THEATER SCHOOL	0	3
HAMOT MED CTR SCH FOR MED LAB TECH	0	2
J C BLAIR MEM HOSP SCH OF XRAY TECH	0	1
JOHNSTOWN AREA DIETETIC INTERN PROG	0	1
ADELPHIA BUSINESS SCHOOL	0	3
READING HOSP/MED CTR SCH NURS ANEST	0	3
CAMILLUS MERCY SCH OF PRACT NURSING	0	19
BARBER STYLING INSTITUTE	0	5
MONSOUR MED CTR SCH OF RAD TECH	0	1
PENN HOSP SCH OF MED TECH	0	1
SCHUYLKILL CTY AREA V-TECH PRAC NUR	0	2
WILLIAMSPORT HOSP PARAMED TRNG INST	0	7
INFORMATION COMPUTER SYSTEM INST	0	28
HAHNEMANN MED COL HOSP OF PHILADEL	0	1
MEDICAL COL OF PENNSYLVANIA	0	1
PHILADELPHIA COL OF OSTEOPATHIC MED	0	1
UNIV OF PENN SCH OF DENTAL MEDICINE	0	2
UNIV OF PITTSBURGH SCH OF DENT MED	0	2
PENN COLLEGE OF OPTOMETRY	0	6
PHILADELPHIA COL OF PHARMACY & SCI	0	24
UNIV OF PITT-SCH OF PUBLIC HEALTH	0	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ACADEMIA PUERTORRIQUENA DE BELLEZA	29.4118	17
PONCE TECHNICAL SCH PRACT NURS PROG	25.3968	63
PUERTO RICO BARBER/COSMET/HAIRSTYNG	22.9167	48
CATHOLIC UNIV GUAYMA UNIV CTR	22.2222	18
BAYAMON CENTRAL UNIVERSITY	20.5882	34
PROF TRNG ACAD OF ESTHETIC & BEAUTY	20.4545	132
INST COMMERCIAL DE PUERTO RICO	20.0000	5
COLEGIO UNIVERSTITARIO DEL TURABO	18.9655	116
PUERTO RICO BARBER COLLEGE	18.7500	16
ABBYNELL BEAUTY ACADEMY	18.7500	48
BENEDICT SCH LANGUAGES & COMMERCE	18.1818	11
UNIV OF PUERTO RICO CAYEY CAMPUS	16.6667	18
LICEO DE ARTE Y TECHNOLOGIA	16.6667	24
HOLLYWOOD ACADEMY OF BEAUTY CULTURE	15.0538	186
PUERTO RICO ACADEMY OF COSMETOLOGY	15.0000	20
PUERTO RICO JUNIOR COLLEGE	14.6552	232
INTER AMERICAN UNIV PR MAIN CAMPUS	14.5985	137
ANTILLES SCHOOL OF PRACT NURSING	14.0351	57
INSTITUTO DE BANCO Y PROGRAMACION	13.7116	423
MANPOWER BUSINESS TRAINING INST	13.6364	132
ELECTRONIC DATA PROCESSING COLLEGE	13.3333	60
CENTRO DE ESTUD MULTIDIS PRACT NURS	13.1579	76
UNIVERSIDAD POLITECNICA DE PUERTO R	12.2449	49
MARY ANN'S SCHOOL OF BEAUTY CULTURE	12.0219	183
RAMIREZ COLLEGE OF BUSINESS & TECH	11.5942	69
UNIV OF PUERTO RICO BAYAMON REG COL	11.1111	9
CAGUAS COLLEGE OF TECHNOLOGY & SCI	10.7692	65
CARIBBEAN CENTER FOR ADVANCED STUDY	10.2564	39
ANTILLIAN COLLEGE	9.8901	91
INTER AMERICAN UNIV PR AGUADILLA BR	9.0909	11
CAGUAS BTY, BARBER & HAIR STYLING	8.3333	24
INTERNATIONAL INST OF THE AMERICAS	7.7295	207
CATHOLIC UNIV OF PUERTO RICO	7.6923	182
PONCE SCHOOL OF MEDICINE	7.6923	13
COLEGIO UNIV DEL SAGRADO CORAZON	7.2917	96
INTER AMERICAN UNIV PR HATO REY CAM	7.2687	454
INSTITUTO TECNICO COMMERCIAL JR COL	7.1429	14
UNIV OF PUERTO RICO HUMACAO REG COL	6.6667	15
UNIV CENTRAL DEL CARIBE ESC DE MED	6.2500	16
MODERN HAIRSTYLING INSTITUTE	6.2500	48
UNIV OF PUERTO RICO MAIN CAMPUS	5.7851	242
CAGUAS CITY COLLEGE	5.4795	73
CTR FOR ADV STUD OF PR & CARIBBEAN	5.2632	19
ELECTRONIC COL & COMPUTER PROGRAM	4.9020	102
UNIV OF PUERTO RICO MAYAGUEZ CAMPUS	4.3478	23
TECHNOLOGICAL INST OF PUERTO RICO	3.7037	27
CARIBBEAN UNIVERSITY COLLEGE	3.4483	29
AMERICAN COLLEGE OF PUERTO RICO	3.2258	155
UNIV OF PUERTO RICO MEDICAL SCIENCE	0.8547	117
INTER AMERICAN UNIV PR BAYAMON	0.0000	1
UNIV OF PUERTO RICO ARECIBO REG COL	0.0000	6
UNIV OF PUERTO RICO PONCE REG COL	0.0000	3

PUERTO RICO (cont'd) -140-

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CONSERVATORY OF MUSIC OF PUERTO RIC	0	1
UNIV OF PUERTO RICO AGUADILLA	0	1
INST DE COSMET Y ESTETICA -LA REINE	0	32
EMMA'S BEAUTY ACADEMY	0	19
MODERN HAIRSTYLING INSTITUTE	0	16
MODERN HAIRSTYLING INSTITUTE	0	9
PERCY BUSINESS COLLEGE	0	17
ACAD NACIONAL DE COSMET Y ESTETICA	0	1
SAN JUAN CITY COLLEGE	0	2
ACADEMIA DE BELLEZA ORIENTAL	0	1

RHODE ISLAND

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
ROGER WILLIAMS COL MAIN CAMPUS	17.8571	28
NEW ENGLAND INSTITUTE OF TECHNOLOGY	13.0208	192
RHODE ISLAND INSTITUTE OF TECHNOLOG	10.3774	106
NEWPORT HOSP SCH OF NURSING	10.0000	10
ARTHUR ANGELO SCHOOL OF HAIR DESIGN	9.0909	11
NATL EDUCATION CTR-RI TRADES SHOPS	7.5630	119
JOHNSON & WALES COLLEGE	6.6401	753
RHODE ISLAND SCH OF DESIGN	5.1948	231
RHODE ISLAND SCHOOL OF PHOTOGRAPHY	5.0000	20
SALVE REGINA COLLEGE	4.6392	194
BROWN UNIVERSITY	2.5600	625
RHODE ISLAND COLLEGE	2.2472	89
U OF RHODE ISLAND MAIN CAMPUS	2.2173	451
PROVIDENCE COLLEGE	2.1368	468
ROGER WILLIAMS COL MAIN CAMPUS	2.0833	240
BARRINGTON COLLEGE	1.4286	70
BRYANT COLLEGE OF BUSINESS ADMIN	0.7264	413
RHODE ISLAND JUNIOR COLLEGE	0.0000	36
U OF RHODE ISLAND DIV OF UNIV EXT	0.0000	1
ST JOSEPHS HOSP SCH OF NURSING	0.0000	2
KATHARINE GIBBS SCHOOL	0.0000	38
RHODE ISLAND HOSP SCH OF RESP THER	0.0000	1
SAWYER SCHOOL	0.0000	11
ST JOSEPH HOSP SCH OF ANEST FOR NUR	0.0000	1
NEWPORT SCHOOL OF HAIRDRESSING	0.0000	1
MODERN SCHOOL	0.0000	1
OCEAN STATE BUSINESS INSTITUTE	0.0000	1
HALL INSTITUTE	0.0000	13
SCHOOL OF MED SECRETARIAL SCIENCES	0.0000	3
WARWICK ACADEMY OF BEAUTY CULTURE	0.0000	1
JEWELRY INSTITUTE	0.0000	7
ALLIED TECHNICAL INSTITUTE	0.0000	3
COSTIN'S RHODE ISLAND ACAD OF BTY	0.0000	3
U OF RHODE ISLAND COLL OF PHARMACY	0.0000	19

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
TRIDENT TECH COL PALMER CAMP	100.000	1
ALLEN UNIVERSITY	72.414	29
MORRIS COLLEGE	61.364	44
VOORHEES COLLEGE	56.250	16
COLUMBIA COMMERCIAL COLLEGE	54.167	72
CLAFLIN COLLEGE	50.000	14
YORK COUNTY TECH EDUC CTR	50.000	2
CLINTON JUNIOR COLLEGE	50.000	2
DENMARK TECH EDUC CTR	50.000	12
RUTLEDGE COLLEGE	47.059	102
BENEDICT COLLEGE	42.149	121
RUTLEDGE COLLEGE	41.096	73
BEAUFORT TECHNICAL COLLEGE	40.000	5
UNIV OF S C AT SUMTER	37.037	27
ORANGEBURG CALHOUN TECH EDUC CTR	33.333	3
UNIV OF S C AT COASTAL CAROLINA	30.579	121
BAPTIST COLLEGE AT CHARLESTON	27.727	220
HORRY-GEORGETOWN TECH EDUC CTR	26.087	23
UNIV OF S C AT LANCASTER	25.000	4
RUTLEDGE COLLEGE	25.000	12
UNIV OF S C SCHOOL OF MEDICINE	25.000	4
SOUTH CAROLINA STATE COLLEGE	21.250	80
LIMESTONE COLLEGE	19.388	98
MIDLANDS TECHNICAL COLLEGE	17.021	47
AIKEN TECH EDUC CTR	16.667	6
UNIV OF S C SPARTANBURG	16.484	91
COLUMBIA COLLEGE	16.092	87
GREENVILLE TECH EDUC CTR	15.789	38
ERSKINE COLLEGE	15.385	26
TRI COUNTY TECH EDUC CTR	15.385	13
FRANCIS MARION COLLEGE	14.493	69
LANDER COLLEGE	13.393	112
ANDERSON COLLEGE	13.253	83
WINTHROP COLLEGE	12.698	189
NEWBERRY COLLEGE	12.121	33
MEDICAL UNIV OF SC-COL OF PHARMACY	11.111	9
NORTH GREENVILLE JUNIOR COLLEGE	10.811	74
PIEDMONT TECH EDUC CTR	10.714	28
SUMTER AREA TECH EDUC CTR	10.714	28
SHERMAN COL OF STRAIGHT CHIROPRACTI	10.256	39
UNIV OF S C AIKEN COUNTY CAMPUS	10.000	30
TRIDENT COLLEGE-NORTH CAMPUS	9.524	63
MEDICAL UNIV OF SOUTH CAROLINA	9.375	96
UNIV OF S C MAIN CAMPUS	9.099	1066
COKER COLLEGE	9.091	11
SPARTANBURG TECHNICAL COLLEGE	9.091	11
COLLEGE OF CHARLESTON	8.743	183
WOFFORD COLLEGE	8.333	60
SPARTANBURG METHODIST COLLEGE	7.692	13
FLORENCE-DARLINGTON TECH COLLEGE	7.407	27
CENTRAL WESLEYAN COLLEGE	7.143	28
CITADEL THE MILITARY COLLEGE OF S C	5.229	153

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
PRESBYTERIAN COLLEGE	4.76190	42
FURMAN UNIVERSITY	4.24242	165
CLEMSON UNIV MAIN CAMPUS	2.89116	588
COLUMBIA BIBLE COLLEGE	2.12766	47
CONVERSE COLLEGE	0.00000	30
LUTHERAN THEOLOGICAL SOUTHERN SEM	0.00000	5
UNIV OF S C AT BEAUFORT	0.00000	3
UNIV OF S C AT SALKEHATCHI	0.00000	8
ANDERSON MEM HOSP SCH OF RAD TECH	0.00000	1
CHESTERFIELD MARLBORO TECH COLLEGE	0.00000	1
UNIV OF S C 2 & 4 YEAR CAMPUSES	0.00000	1
NORTH AMERICAN INST OF AVIATION	0.00000	1
CONWAY SCHOOL OF PRACTICAL NURSING	0.00000	1
MEDICAL UNIV OF SC-COL OF MEDICINE	0.00000	14
MEDICAL UNIV OF SC-COL OF DENT MED	0.00000	27

SOUTH DAKOTA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SINTE GLESKA COLLEGE	75.0000	56
SACRED HEART HOSP SCH OF XRAY TECH	33.3333	3
KILLIAN COMMUNITY COLLEGE	29.7872	47
WESTERN DAKOTA VOC TECH INST	29.6296	81
NATIONAL COLLEGE	27.2436	936
YANKTON COLLEGE	23.3010	103
MITCHELL AREA VOC TECH SCHOOL	20.6612	121
HURON COLLEGE	15.2542	59
LAKE AREA VOCATIONAL TECHNICAL INST	15.0538	186
DAKOTA STATE COLLEGE	14.1818	275
PRESENTATION COLLEGE	13.9535	43
DAKOTA WESLEYAN UNIVERSITY	13.3333	105
SIOUX VALLEY HOSP SCH OF NURSING	12.5000	16
BLACK HILLS BEAUTY COLLEGE	12.0000	25
SOUTHEAST AREA SCH OF PRAC NURSING	11.1940	134
BLACK HILLS STATE COLLEGE	10.7579	409
RAPID CITY REG HOSP SCH OF NURSING	10.5263	19
FREEMAN JUNIOR COLLEGE	10.0000	10
UNIV OF SOUTH DAKOTA SCH OF MED	8.3333	12
NETTLETON COLLEGE	8.1967	122
PIERRE SCHOOL OF PRACTICAL NURSING	8.0000	25
UNIV OF SOUTH DAKOTA SPRINGFIELD	7.4766	107
STEWART SCHOOL OF HAIRSTYLING	6.9307	101
SIOUX FALLS COLLEGE	6.7797	118
STENOTYPE INSTITUTE SOUTH DAKOTA	6.3830	47
NORTHERN STATE COLLEGE	6.1269	457
UNIV OF SOUTH DAKOTA	6.1093	933
STEWART SCHOOL OF HAIRSTYLING	5.8824	51
AUGUSTANA COLLEGE	4.3636	275
SOUTH DAKOTA STATE UNIV	3.7344	964
SOUTH DAKOTA SCHOOL OF MINES & TECH	1.9737	304
MOUNT MARTY COLLEGE	1.3514	74
NORTH AMERICAN BAPTIST SEMINARY	0.0000	14
MCKENNAN HOSP SCH OF RAD-TECH	0.0000	5
SIOUX VALLEY HOSP SCH OF XRAY TECH	0.0000	4
ST JOSEPHS HOSP SCH OF RAD TECH	0.0000	1
SOUTHEAST AREA VOCATIONAL SCHOOL	0.0000	1
RAPID CITY REG HOSP SCH OF RAD/TECH	0.0000	2
SIOUX VALLEY HOSP SCH OF MED TECH	0.0000	1
RAPID CITY REG HOSP MED/TECH PROG.	0.0000	3
NETTLETON ACADEMY OF HAIR DESIGN	0.0000	23
MCKENNAN HOSP DIETETIC INTERNSHIP	0.0000	1
SOUTH DAKOTA BARBER COLLEGE	0.0000	2
SOUTH DAKOTA STATE UNIV COL OF PHAR	0.0000	8

TENNESSEE

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
AMERICAN CAREER TRAINING CORP	100.000	1
RUTLEDGE COLLEGE	76.923	39
MIDSOUTH SCHOOL OF BEAUTY	75.000	228
RICE COLLEGE	74.256	1142
HEALTH CARE TRAINING INSTITUTE	73.671	414
MIDSOUTH SCHOOL OF BEAUTY	73.333	90
MEDICAL CAREER CENTER	73.057	193
DRAUGHONS JUNIOR COLLEGE	65.773	485
MILLER-HAWKINS BUSINESS COLLEGE	62.353	85
LANE COLLEGE	60.000	100
AMERICAN INSTITUTE OF TECHNOLOGY	58.333	36
STAGE ONE, THE HAIR SCHOOL	58.065	93
IBA COLLEGE OF COSMETOLOGY	55.882	34
KNOXVILLE COLLEGE	52.727	55
MEMPHIS AREA VOC-TECH SCHOOL	50.000	54
EAST TENN BAPT HOSP SCH OF NURSING	50.000	2
DRAUGHONS JUNIOR COL OF BUSINESS	49.180	183
EDMONDSON JUNIOR COLLEGE	48.529	204
LE MOYNE-OWEN COLLEGE	45.263	95
COOPER INSTITUTE	45.000	40
KNOXVILLE BUSINESS COLLEGE	44.444	63
MORRISTOWN COLLEGE	40.000	5
STATE AREA VOC-TECH SCH	37.500	16
STATE AREA VOC-TECH SCH-KNOXVILLE	36.667	30
TENNESSEE SCHOOL OF BEAUTY	35.714	14
STATE AREA VOC-TECH SCH	33.333	3
JON NAVE UNIV OF UNISEX COSMETOLOGY	33.333	12
CONTROL DATA INSTITUTE	33.333	9
STATE AREA VOC-TECH SCH-HARTSVILLE	31.250	32
WEST TENNESSEE BUSINESS COLLEGE	28.972	214
MCKENZIE COLLEGE	28.846	104
STATE AREA VOC-TECH SCH-CROSSVILLE	28.571	21
STATE AREA VOC-TECH SCH-JACKSON	28.571	7
AMERICAN BAPT THEO SEM COL OF BIBLE	28.571	7
MEMPHIS THEOLOGICAL SEMINARY	28.571	7
NASHVILLE COLL OF MED DENTAL ASSTS	28.571	49
SHELBY STATE COMMUNITY COLLEGE	27.869	122
LINCOLN MEMORIAL UNIVERSITY	27.439	164
STATE TECH INST AT MEMPHIS	26.619	139
STATE AREA VOC-TECH SCH-MORRISTOWN	25.000	8
STATE AREA VOC-TECH SCH-PULASKI	25.000	8
MEHARRY MEDICAL COLLEGE	21.429	98
TOMLINSON COLLEGE	21.053	38
DRAUGHONS JUNIOR COLLEGE	20.690	435
MID SOUTH BIBLE COLLEGE	20.000	15
PROFESSIONAL ACADEMY OF BROADCASTIN	20.000	25
EXCEL BUSINESS INST MED ASST PRGM	20.000	5
BETHEL COLLEGE	18.182	44
TREVECCA NAZARENE COLLEGE	18.000	200
TENNESSEE AGRI & INDUSTRIAL STATE U	17.832	701
BRISTOL COLLEGE	17.500	80
JACKSON STATE COMMUNITY COLLEGE	16.867	83

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CUMBERLAND SCHOOL OF MEDICAL TECH	15.8730	63
FISK UNIVERSITY	15.3846	52
VOLUNTEER STATE COMMUNITY COLLEGE	15.1899	79
LAMBUTH COLLEGE	14.4444	90
TENNESSEE SCHOOL OF BEAUTY	14.2857	14
KNOXVILLE INSTITUTE OF HAIR DESIGN	14.2857	14
HIWASSEE COLLEGE	14.0351	57
TUSCULUM COLLEGE	14.0000	50
STATE TECH INST-KNOXVILLE	13.8614	101
LEE COLLEGE	13.8462	130
MARYVILLE COLLEGE	12.5000	72
STATE AREA VOC-TECH SCH-HARRIMAN	12.5000	16
STATE AREA VOC-TECH SCH-MCMINNVILLE	12.0000	25
JOHNSON BIBLE COLLEGE	11.5385	26
NASHVILLE AREA VOC-TECH SCHOOL	11.1111	9
CHRISTIAN BROTHERS COLLEGE	10.8844	147
CHATTANOOGA STATE TECH CMTY COLLEGE	10.8434	166
ROANE STATE COMMUNITY COLLEGE	10.7143	168
MEMPHIS STATE UNIVERSITY	10.2954	1185
STATE AREA VOC-TECH SCH-HOHENWALD	10.0000	10
TRI-CITIES STATE TECHICAL INSTITUTE	9.5238	42
RHODES COLLEGE	9.4595	74
SOUTHERN COL/SEVENTH-DAY ADVENTISTS	9.3750	160
ELECTRONIC COMPUTER PROGRAMING INST	9.3023	43
ST MARYS MED CTR-SCH OF NURSING	9.0909	22
EMMANUEL SCHOOL OF RELIGION	7.6923	13
TENNESSEE INSTITUTE OF ELECTRONICS	7.5472	53
NASHVILLE STATE TECHNICAL INST	7.5000	200
TENNESSEE TEMPLE COLLEGE	7.4866	187
METHODIST HOSP SCH OF NURSING	7.3171	41
EAST TENN STATE UNIV MAIN CAMPUS	7.0922	846
NASHVILLE AUTO DIESEL COLLEGE	6.9686	287
DYERSBURG STATE COMMUNITY COLLEGE	6.7797	59
AUSTIN PEAY STATE UNIVERSITY	6.6667	420
STATE AREA VOC-TECH SCH-SHELBYVILLE	6.6667	15
UNIV OF TENN MARTIN CAMPUS	6.5183	629
CARSON-NEWMAN COLLEGE	6.4865	185
BARONESS ERLANGER HOSP SCH NURSING	6.4516	31
WALTERS STATE COMMUNITY COLLEGE	6.2500	64
MOTLOW STATE COMMUNITY COLLEGE	5.7143	105
CUMBERLAND COLLEGE OF TENNESSEE	5.5556	54
TENNESSEE WESLEYAN COLLEGE	5.2632	57
CHURCH OF GOD - SCHOOL OF THEOLOGY	5.2632	19
UNIV OF TENN CHATTANOOGA	5.2109	403
FREED-HARDEMAN COLLEGE	5.1282	156
MILLIGAN COLLEGE	5.1020	98
WILLIAM JENNINGS BRYAN COLLEGE	5.0000	40
O'MORE SCHOOL OF INTERIOR DESIGN	4.7619	21
STATE AREA VOC-TECH SCH-JACKSBORO	4.5455	22
MARTIN COLLEGE	4.3478	23
BELMONT COLLEGE	3.9801	201
CLEVELAND STATE COMMUNITY COLLEGE	3.8961	77

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COLUMBIA STATE COMMUNITY COLLEGE	3.84615	104
MIDDLE TENNESSEE STATE UNIVERSITY	3.70370	1539
UNIV OF TENN KNOXVILLE	3.56487	2721
MEMPHIS ACADEMY OF ARTS	3.12500	32
E TENN STATE UNIV SCH OF MED	3.12500	32
VANDERBILT UNIV	2.74566	692
DAVID LIPSCOMB COLLEGE	2.73438	256
UNION UNIVERSITY	2.60417	192
UNIV OF THE SOUTH	2.06186	97
TENNESSEE TECHNOLOGICAL UNIVERSITY	1.95122	820
UNIV OF TENN CTR HLTH SCI COL DENT	1.38889	72
UNIV OF TENN CTR FOR HEALTH SCIENCE	1.29870	77
UNIV OF TENN COL OF MEDICINE	0.85470	117
AQUINAS JUNIOR COLLEGE	0.00000	40
FREE WILL BAPTIST BIBLE COLLEGE	0.00000	1
GEORGE PEABODY COLLEGE FOR TEACHERS	0.00000	5
KING COLLEGE	0.00000	22
MADISON COLLEGE	0.00000	1
SCARRITT COLLEGE FOR CHRISTIAN WORK	0.00000	7
SOUTHERN COLLEGE OF OPTOMETRY	0.00000	101
UNIV OF TENN MEMPHIS CAMPUS	0.00000	5
UNIV OF TENN SPACE INSTITUTE	0.00000	2
VANDERBILT UNIV MED CTR	0.00000	12
STATE AREA VOC-TECH SCH-COVINGTON	0.00000	1
HERMAN ROBINSON AREA VOC-TECH SCH	0.00000	14
STATE AREA VOC-TECH SCH-NEWBERN	0.00000	10
STATE AREA VOC-TECH SCH-MCKENZIE	0.00000	3
STATE AREA VOC-TECH SCH-LIVINGSTON	0.00000	26
STATE AREA VOC-TECH SCH-SAVANNAH	0.00000	6
STATE AREA VOC-TECH SCH-ATHENS	0.00000	8
BAPTIST MEM HOSP SCH OF XRAY TECH	0.00000	1
EAST TENN BAPT HOSP SCH OF XRAY TEC	0.00000	4
METROPOLITAN GEN HOSP SCH XRAY TECH	0.00000	4
FORT SANDERS PRESB HOSP-SCH OF NURS	0.00000	17
ST JOSEPH HOSP SCH OF NURSING	0.00000	20
ST MARYS MED CTR SCH OF NURSING	0.00000	4
VANDERBILT UNIV SCH OF NURSING	0.00000	1
STATE AREA VOC-TECH SCH-FG CLEMENTS	0.00000	3
MIDDLE TENNESSEE SCH OF ANESTHESIA	0.00000	9
METHODIST HOSP SCH OF MED-TECH	0.00000	4
MIDDLE TENNESSEE BEAUTY SCHOOL	0.00000	10
JOHN A GUPTON COLLEGE	0.00000	7
TENNESSEE SCHOOL OF BEAUTY	0.00000	3
ONEIDA AREA VOC-TECH SCHOOL	0.00000	8
STATE AREA VOC-TECH SCH-CHATTANOOGA	0.00000	3
PLAZA BEAUTY SCHOOL	0.00000	1
BARONESS ERLANGER HOSP SCH ANE NURS	0.00000	7
MCMINNVILLE SCHOOL OF COSMETOLOGY	0.00000	3
HOLSTON VALLEY CMTY HOSPITAL	0.00000	6
BISCAYNE SCHOOL	0.00000	1
HELENA DYE /FLANARY BEAUTY COLLEGE	0.00000	2
ERLANGER MED CTR SCH OF MED TECH	0.00000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
STATE AREA VOC-TECH SCH-PARIS	0	3
ARNOLD'S BEAUTY SCHOOL	0	2
MEHARRY MEDICAL COLLEGE SCH OF MED	0	2
VANDERBILT UNIV-SCHOOL OF MEDICINE	0	35
SOUTHERN COLLEGE OF OPTOMETRY	0	7
UNIV OF TENN COL OF PHARMACY	0	37

TEXAS

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WEATHERFORD COLLEGE	100.000	1
SETON HOSPITAL SCH OF XRAY TECH	100.000	1
HALTOM CITY BEAUTH COLLEGE	100.000	1
ALADDIN BEAUTY COLLEGE # 2	80.000	20
SIMDEX TECHNICAL INSTITUTE	70.886	395
AMERICAN TECHNICAL INSTITUTE	68.293	41
GARYS BEAUTY COLLEGE INC	66.667	3
PIPO ACADEMY OF HAIR DESIGN	66.667	3
HARGEST VOCATIONAL-TECHNICAL SCHOOL	63.956	455
WILFRED ACAD OF HAIR & BTY CULTURE	63.462	52
VOGUE BEAUTY COLLEGE # 8	61.538	13
SOUTHWEST SCH/BUSINESS & TECHCAREE	61.224	49
WEST TEXAS BARBER STYLING COLLEGE	60.000	5
MASSEY BUSINESS COLLEGE	57.143	14
CAREER INSTITUTE	56.757	37
WACO BEAUTY COLLEGE	55.882	34
MANSFIELD BUSINESS COLLEGE	55.771	1031
VOGUE COL SCH OF HAIR DESIGN #14	55.000	40
ALLSTATE BUSINESS COLLEGE	54.902	153
VOGUE BEAUTY COLLEGE # 9	54.167	24
LAKEWOOD BEAUTY COLLEGE	53.846	13
VOGUE COL SCH OF HAIR DESIGN #13	53.571	28
ALADDIN BEAUTY COLLEGE #13	53.333	15
TEXAS SCHOOLS, INC	53.000	100
AUDIE & JOICE SCH OF HAIR DESIGN	48.837	43
BAYTOWN INDUSTRIAL WELDING SCHOOL	48.387	31
CONCHO CAREER SCHOOL	46.667	15
NAVARRO JUNIOR COLLEGE	46.032	63
ALADDIN BEAUTY COLLEGE # 6	44.444	9
ODESSA COLLEGE	43.750	16
TEXAS VOCATIONAL SCHOOL	43.750	16
LINCOLN TECHNICAL INSTITUTE	43.333	240
SOUTHWESTERN CHRISTIAN COLLEGE	42.857	14
VOGUE BEAUTY COLLEGE # 5	42.857	42
ALADDIN BEAUTY COLLEGE # 4	42.857	14
SPRING BRANCH BEAUTY COLLEGE	42.857	21
ACADEMY OF HAIR DESIGN	42.857	7
VOGUE BEAUTY COLLEGE # 1	41.667	24
VIDEO TECHNICAL INSTITUTE	41.135	423
TEXAS COLLEGE OF MED & DENT CAREER	40.684	263
PAUL QUINN COLLEGE	40.000	10
VOGUE BEAUTY COLLEGE #2	40.000	25
VOGUE BEAUTY COLLEGE #12	40.000	10
SAN ANTONIO TRADE SCHOOL	40.000	20
SOUTHWEST SCHOOL OF MEDICAL ASSTS	39.560	91
SOUTHWEST BEAUTY COLLEGE INC # 1	39.286	28
BALDWIN BEAUTY SCHOOL	39.286	28
HILL JUNIOR COLLEGE	38.889	54
JACKI NELL EXECUTIVE SECRETARY SCH	38.889	54
NATIONAL EDUC CTR-NAT INST OF TECH	38.547	179
ALADDIN BEAUTY COLLEGE # 5	37.500	16
WESTERN TEXAS COLLEGE	36.842	19

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SOUTHWEST INST OF MERCHAND & DESIGN	35.7143	42
CISCO JUNIOR COLLEGE	35.1351	74
WHARTON COUNTY JUNIOR COLLEGE	35.0000	80
CENTRAL TEXAS COMMERCIAL COLLEGE	34.4262	61
MASSEY BUSINESS COLLEGE	34.3874	253
PARIS JUNIOR COLLEGE	34.2857	70
DURHAM NIXON-CLAY BUSINESS COLLEGE	34.1232	211
CLARENDON COLLEGE	33.3333	18
TEXAS SOUTHMOST COLLEGE	33.3333	66
ALAMO BEAUTY COLLEGE # 1	33.3333	24
VOGUE BEAUTY COLLEGE # 3	33.3333	6
AMERICAN BEAUTY COLLEGE	33.3333	15
A&C COLLEGE OF BEAUTY #1	33.3333	15
ALADDIN BEAUTY COLLEGE #19	33.3333	12
FORT WORTH TRADE SCHOOLS	33.3333	39
METRO BARBER COLLEGE	33.3333	6
BROADWAY TECHNICAL INSTITUTE, INC.	33.3333	3
AMBER UNIVERSITY	33.3333	3
RICKERSON'S BEAUTY COLLEGE	33.3333	6
AMERICAN COMMERCIAL COLLEGE	32.4675	77
BISHOP COLLEGE	31.9372	191
ELKINS INSTITUTE IN DALLAS	31.6667	60
MISS WADES FASHION MERCHANDISING CO	31.6547	139
DURHAM COLLEGE OF EL PASO	31.5789	171
BRAZOSPORT COLLEGE	31.5789	19
AMARILLO COLLEGE OF HAIRDRESSING	31.5789	19
DURHAM BUSINESS COL OF SAN ANTONIO	31.4433	194
GRAYSON COUNTY JUNIOR COLLEGE	31.0345	29
RANGER COLLEGE	31.0345	29
COMPUTER & BUSINESS MGT ED CENTER	31.0345	261
TEXAS STATE TECH INST-MID CONTINENT	30.9524	126
PHARR VOCATIONAL SCHOOL	30.7692	39
FORT WORTH SCHOOL OF BUSINESS	30.2326	129
CENTRAL TEXAS COLLEGE	30.1887	159
ALADDIN BEAUTY COLLEGE # 2	30.0000	10
CONLEE COLLEGE OF COSMETOLOGY	30.0000	10
AMERICAN COMMERCIAL COLLEGE	30.0000	70
VOGUE BEAUTY COLLEGE # 7	29.6296	27
AMERICAN TRADES INSTITUTE	29.5455	132
METROPLEX BEAUTY SCHOOL	29.4118	17
TEXAS SOUTHERN UNIVERSITY	29.0094	424
TEXAS STATE TECH INST-ROLLING PLNS	28.9474	76
INTERNATIONAL BUSINESS COLLEGE	28.6145	664
NORTHWEST TEXAS HOSP SCH OF NURSING	28.5714	7
COLLEGE OF THE MAINLAND	28.5714	7
VERNON REGIONAL JUNIOR COLLEGE	28.5714	14
VOGUE BEAUTY COLLEGE # 4	28.5714	14
TRI-STATE BEAUTY SCHOOL	27.7778	18
TEXAS AERO TECH	27.7778	90
GALVESTON COLLEGE	27.2727	33
NORTHWOOD INSTITUTE OF TEXAS	27.2727	11
TARRANT CO JUNIOR COL MAIN CAMPUS	27.1277	188

TEXAS (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
FOUR C COLLEGE	26.6667	15
DEL MAR COLLEGE	26.5823	79
AMERICAN COMMERCIAL COLLEGE	26.3736	91
TRINITY CALLEY COMMUNITY COLLEGE	25.9259	27
BEE COUNTY COLLEGE	25.7426	101
TEXAS INSTITUTE	25.6098	82
LEE COLLEGE	25.0000	12
TEXAS VOCATIONAL SCHOOL	25.0000	48
ALADDIN BEAUTY COLLEGE #21	25.0000	8
INTERNATIONAL AVIATION TRAVEL ACAD	25.0000	144
AUSTIN COMMUNITY COLLEGE	24.6212	264
EL CENTRO COLLEGE	24.5614	57
HOUSTON COMMUNITY COLLEGE	24.2424	33
ARLINGTON BAPTIST COLLEGE	23.6842	38
CAPITOL CITY TRADE & TECHNICAL SCH	23.4742	213
DEVRY INSTITUTE OF TECHNOLOGY	23.4043	705
BLINN COLLEGE	23.0769	26
HALLMARK INSTITUTE OF TECHNOLOGY	23.0769	130
EL PASO TRADE SCHOOL	22.7941	136
AMERICAN COMMERCIAL COLLEGE	22.4490	98
CONCORDIA LUTHERAN COLLEGE OF TEXAS	22.2222	18
MCLENNAN COMMUNITY COLLEGE	22.2222	81
OGLE SCHOOL OF HAIR DESIGN	22.2222	18
TEXAS STATE TECH INST JAS CONNALLY	22.0141	427
NATIONAL EDUC CTR-NAT INST OF TECH	21.9512	41
TYLER JUNIOR COLLEGE	21.6216	37
RICHLAND COLLEGE	21.5686	51
BAUDER FASHION COLLEGE	20.9677	62
EL PASO COMMUNITY COLLEGE	20.9302	43
TEXCEL CAREER CENTER	20.0000	5
METRO BARBER COLLEGE	20.0000	5
EASON'S INSTITUTE OF TECHNOLOGY	20.0000	5
SAN JACINTO COLLEGE	19.5652	46
SOUTHWESTERN JR COL ASSEM OF GOD	19.3548	31
ST PHILIPS COLLEGE	19.2661	109
LAREDO STATE UNIVERSITY	19.2308	26
SOUTH TEXAS VOC-TECH INSTITUTE	18.8679	265
SAN ANTONIO COLLEGE DIST CENT OFF	18.4300	293
UNIV OF TEXAS PERMIAN BASIN	18.1818	22
CHARLES & SUE'S SCH OF HAIR DESIGN	18.1818	11
BROOKHAVEN COLLEGE	18.1818	33
WILEY COLLEGE	18.0328	61
SOUTHWESTERN ADVENTIST COLLEGE	17.7570	107
AMARILLO COLLEGE	17.4757	103
JARVIS CHRISTIAN COLLEGE	17.4312	109
TEMPLE JUNIOR COLLEGE	17.3913	46
WHEELER INSTITUTE OF TEXAS	17.2107	337
UNIVERSITY OF HOUSTON, DOWNTOWN COL	17.1717	99
LAMAR UNIVERSITY	17.1053	152
ANGELINA COLLEGE	16.9231	65
SOUTH PLAINS COLLEGE	16.6667	72
JESSIE LEES HAIR DESIGN INST INC	16.6667	6

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
VOGUE COL SCH OF HAIR DESIGN #15	16.6667	12
TEXAS LUTHERAN COL MAIN CAMPUS	16.2791	86
SOUTHWEST SCHOOL OF ELECTRONICS	15.8730	126
LUBBOCK CHRISTIAN COLLEGE	15.7025	121
NATL EDUCATION CENTER BRYMAN CAMPUS	15.6522	230
SCHREINER COLLEGE	15.3846	13
WAYLAND BAPTIST UNIVERSITY	15.3846	130
MOUNTAIN VIEW COLLEGE	15.3846	13
MCMURRY COLLEGE	14.8936	141
INCARNATE WORD COLLEGE	14.7059	136
CONTROL DATA INSTITUTE	14.7059	34
MARY HARDIN-BAYLOR COLLEGE	14.6341	82
UNIV OF TEXAS EL PASO	14.6341	369
ALVIN COMMUNITY COLLEGE	14.2857	28
DALLAS INST OF FUNERAL SERVICE	14.2857	35
NORTH HARRIS COUNTY COLLEGE	14.2857	35
HOUSTON BAPTIST COLLEGE	14.1304	92
ART INSTITUTE OF HOUSTON	13.9423	208
TEXAS WESLEYAN COLLEGE	13.9130	115
UNIV OF TEXAS ARLINGTON	13.8794	879
MIDWESTERN STATE UNIVERSITY	13.6364	88
ANGELO STATE UNIVERSITY	13.1737	167
TEXAS A & M UNIV AT GALVESTON	13.1579	38
EAST TEXAS STATE UNIVERSITY	13.0319	376
EXECUTIVE SECRETARIAL OF TEXAS	12.7273	55
BAYLOR UNIV COLLEGE OF MEDICINE	12.5000	16
AMERICAN TECHNOLOGICAL UNIVERSITY	12.2807	57
TEXAS COLLEGE	12.0482	83
PRAIRIE VIEW A & M UNIVERSITY	11.6822	214
TEXAS STATE TECH INST-RIO GRANDE	11.6071	336
DALLAS BAPTIST COLLEGE	11.5385	104
PANOLA JUNIOR COLLEGE	11.5385	26
VICTORIA COLLEGE	11.5385	26
SAM HOUSTON STATE UNIVERSITY	11.3527	414
UNIV OF HOUSTON - UNIVERSITY PARK	11.0458	851
ST EDWARDS UNIV & MERYHILL COLLEGE	10.9453	201
NORTH TEXAS STATE UNIVERSITY	10.9375	768
SUL ROSS STATE UNIVERSITY	10.6383	188
TEXARKANA COLLEGE	10.5263	19
NORTH LAKE COLLEGE	10.5263	38
TARLETON STATE UNIVERSITY	9.9548	221
TEXAS A & I UNIV	9.8765	405
HOWARD PAYNE COLLEGE	9.3750	32
CONTROL DATA INSTITUTE	9.3750	32
TEXAS WOMANS UNIVERSITY	9.1988	337
WOODCREST COLLEGE	9.0909	33
HUSTON-TILLOTSON COLLEGE	8.8496	113
LAREDO JUNIOR COLLEGE	8.6957	23
UNIVERSITY OF TEXAS AT TYLER	8.5470	117
UNIV OF TEXAS SAN ANTONIO	8.4677	496
UNIV OF HOUSTON CLEAR LAKE CITY	8.4211	95
TEXAS TECH UNIVERSITY	8.3904	1168

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SOUTHWEST TEXAS STATE UNIVERSITY	8.34739	1186
COMMONWEALTH COLLEGE OF FUNERAL SER	8.33333	36
UNIV OF HOUSTON VICTORIA CAMPUS	8.33333	24
CORPUS CHRISTI STATE UNIVERSITY	8.24742	97
HARDIN-SIMMONS UNIVERSITY	8.19672	183
BRADFORD SCHOOL OF BUSINESS	7.72727	220
FRANK PHILLIPS COLLEGE	7.69231	-13
SAN ANTONIO TRNG DIV-TX ENG EXT SER	7.69231	13
PAN AMERICAN COLLEGE	7.66284	783
SAN ANTONIO COL OF MED & DENT ASST	7.57576	66
UNIV OF TEXAS DALLAS	7.40741	108
EASTFIELD COLLEGE	7.14286	28
TEXAS A & M UNIV ENGINEERING EXT	6.66667	60
WEST TEXAS STATE UNIV	6.56566	198
TEXAS CHIROPRACTIC COLLEGE	6.50407	123
ABILENE CHRISTIAN UNIVERSITY	6.41509	530
HOWARD COUNTY JUNIOR COLLEGE DIST	6.25000	16
BAYLOR UNIV CENTRAL OFFICE	6.22951	610
ST MARYS UNIVERSITY OF SAN ANTONIO	5.81395	258
UNIV OF DALLAS MAIN CAMPUS	5.67376	141
MICROCOMPUTER TECHNOLOGY INSTITUTE	5.55556	108
AUSTIN COLLEGE	5.50459	109
EAST TEXAS BAPTIST UNIVERSITY	5.43478	92
UNIV OF TEXAS AUSTIN	5.32246	2574
OUR LADY OF LAKE UNIV OF SAN ANTONI	5.29412	170
TEXAS CHRISTIAN UNIVERSITY	5.07614	394
STEPHEN F AUSTIN STATE UNIVERSITY	4.86618	411
TEXAS A & M UNIV	4.69657	1895
SOUTHERN METHODIST UNIVERSITY	4.68750	512
LETOURNEAU COLLEGE	4.50450	111
COOKE COUNTY JUNIOR COLLEGE	4.34783	23
TRINITY UNIVERSITY	3.79747	158
UNIV OF TEXAS HLTH SCI CTR DALLAS	3.60360	111
RICE UNIVERSITY	3.51759	199
UNIV OF TEXAS MED BR GALVESTON	3.44828	116
SOUTH TEXAS COLLEGE OF LAW	3.35196	179
UNIV OF ST THOMAS	3.27869	122
SOUTHWEST TEXAS JUNIOR COLLEGE	3.12500	32
TEXAS COLLEGE OF OSTEOPATHIC MED	2.22222	45
UNIV OF TEXAS HLTH SCI CTR HOUSTON	1.80995	221
UNIV OF TEXAS HLTH SCI CTR SAN ANTO	1.27796	313
SOUTHWESTERN UNIVERSITY	1.25000	80
BAYLOR UNIV COLLEGE OF MEDICINE	0.99010	101
CEDAR VALLEY COL, DALL CTY CMTY COL	0.00000	4
DALLAS THEOLOGICAL SEM GRAD SCHOOL	0.00000	1
KILGORE COLLEGE	0.00000	1
LON MORRIS COLLEGE	0.00000	9
OBLATE SCHOOL OF THEOLOGY	0.00000	2
SOUTHWESTERN BAPTIST THEOL SEMINARY	0.00000	19
BAYLOR COLLEGE OF DENTISTRY	0.00000	69
UNIV OF TEXAS SCH OF BIOMEDICAL SCI	0.00000	1
METHODIST HOSP SCH OF NURSING	0.00000	40

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
GALVESTON COLLEGE	0	1
DALLAS CHRISTIAN COLLEGE	0	4
STENOGRAPH INSTITUTE OF TEXAS	0	1
MIDLAND COLLEGE	0	5
BAYLOR UNIV SCHOOL OF NURSING	0	1
TEXAS TECH UNIV HEALTH SCIENCES CTR	0	29
SOUTHERN BIBLE COLLEGE	0	4
HARRIS HOSP SCH OF ANESTHESIA	0	14
NATIONAL BEAUTY SCHOOL # 3	0	1
CAREERS IN COSMETOLOGY INSTITUTE	0	1
RENEE'S COSMETOLOGY CENTER	0	11
MR TOMIE'S SCHOOL OF COSMETOLOGY #1	0	2
HENDRICK MED CENTER SCH OF MED-TECH	0	1
HARRIS CTY HOSP DIST-SCH OF NUR ANS	0	6
OGLE SCHOOL OF HAIR DESIGN	0	3
OGLE SCHOOL OF HAIR DESIGN	0	2
TEXAS A & M UNIV COL OF MEDICINE	0	1
TX TECH U HEALTH SCI CTR SCH OF MED	0	1
UNIV OF TEXAS-HLTH SCI CTR-MED SCH	0	1
UNIV OF TEXAS-HLTH SCI CTR-MED SCH	0	1
UNIV OF TEXAS-S.W. MEDICAL SCHOOL	0	5
UNIV OF TEXAS MEDICAL BR.-GALVESTON	0	16
BAYLOR COL OF DENT SCH OF DENTISTRY	0	3
UNIV OF HOUSTON SCH OF OPTOMETRY	0	5
UNIV OF HOUSTON COL OF PHARMACY	0	3

UTAH

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	BORROWERS IN REPAYMENT STATUS
AMERICAN TECHNICAL CENTER	30.7692	78
COLLEGE OF EASTERN UTAH	28.7879	66
UTAH ST UNIV SNOW COLLEGE	23.2558	43
HOLLYWOOD BEAUTY COLLEGE INC	20.5882	34
CONTINENTAL COLLEGE OF BEAUTY	19.6078	51
SEVIER VALLEY AREA VOCATIONAL CTR	16.0000	50
INTERNATIONAL INST OF HAIR DESIGN	14.4578	83
DIXIE COLLEGE	13.8462	65
UTAH TECHNICAL COLLEGE AT PROVO	13.6719	256
BRYMAN SCHOOL	13.2867	143
HOLLYWOOD BEAUTY COLLEGE	12.5000	8
SOUTHERN UTAH STATE COLLEGE	10.6838	234
STEVENS HENAGER COLLEGE OF BUSINESS	10.5263	247
UTAH TECHNICAL COLLEGE AT SALT LAKE	9.4828	348
WEBER STATE COLLEGE	9.2014	576
WESTMINSTER COLLEGE SALT LAKE CITY	8.8235	136
LATTER DAY STS BUSINESS COLLEGE	8.3333	48
MARY KAWAKOMI COLLEGE OF BEAUTY	8.3333	12
SALT LAKE CITY COLLEGE	6.4516	31
UNIV OF UTAH	4.1775	1532
UTAH ST UNIV MAIN CAMPUS	3.3333	810
BRIGHAM YOUNG UNIV	2.8958	2072
HOLLYWOOD BEAUTY COLLEGE	0.0000	3
HOLLYWOOD BEAUTY COLLEGE	0.0000	3
ST MARKS HOSP SCH OF RAD-TECH	0.0000	2
BEAU LA REINE COL OF BEAUTY CULTURE	0.0000	2
UTAH VALLEY LDS HOSP SCH MED-TECH	0.0000	3
UNIV OF UTAH - DEPT OF RAD/RAD TECH	0.0000	18
RON BAILIE SCHOOL OF BROADCAST	0.0000	1
DAVIS AREA VOCATIONAL CENTER	0.0000	1
INTERMOUNTAIN COL OF COURT REPORTNG	0.0000	3

VIRGINIA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
VIRGINIA SCHOOL OF HAIR DESIGN	100.000	1
RUTLEDGE COLLEGE	73.077	26
MARION COUNTY VOC TECH CENTER	66.667	3
PHILLIPS BUSINESS COLLEGE	66.602	518
NATIONAL BUSINESS SCHOOL	64.583	480
WINCHESTER MEM HOSP SCH XRAY TECH	50.000	2
ST PAULS COLLEGE	33.333	36
WESTMORELAND DAVIS EQUESTRIAN INST	33.333	3
CENTRAL SCHOOL OF PRACTICAL NURSING	28.571	7
VIRGINIA UNION UNIVERSITY	28.455	123
POTOMAC ACADEMY OF HAIR DESIGN	25.000	4
WASHINGTON BUSINESS SCHOOL	21.212	33
COMPUTER LEARNING CENTER	19.699	1858
NORFOLK STATE UNIVERSITY	19.474	190
CONTROL DATA INSTITUTE	18.220	236
ANNE'S BEAUTY COLLEGE	17.391	23
WYTHEVILLE COMMUNITY COLLEGE	16.667	6
CENTRAL VIRGINIA COMMUNITY COLLEGE	16.667	6
HAMPTON INSTITUTE	15.676	370
VIRGINIA STATE COLLEGE	14.826	344
VIRGINIA INTERMONT COLLEGE	14.285	35
NORFOLK GEN HOSP SCH OF NURSING	14.286	7
LORD FAIRFAX COMMUNITY COLLEGE	14.286	7
SOUTHERN SEMINARY JUNIOR COLLEGE	13.636	22
THOMAS NELSON COMMUNITY COLLEGE	11.364	44
SHENANDOAH COL & CONSERVATORY MUSIC	8.974	78
MARYMOUNT COLLEGE OF VIRGINIA	7.595	79
NORTHERN VIRGINIA COMMUNITY COLLEGE	6.803	147
NATIONAL BUSINESS COLLEGE	6.494	77
AVERETT COLLEGE	6.000	50
VIRGINIA MILITARY INSTITUTE	5.618	89
LIBERTY UNIVERSITY	5.536	289
EASTERN MENNONITE COLLEGE	5.229	153
JOHN TYLER COMMUNITY COLLEGE	5.000	20
E C P I OF TIDEWATER , VA	5.000	80
ROANOKE COLLEGE	4.494	89
NATL EDUC CTR-KEE BUSINESS COL CAMP	4.484	223
FERRUM COLLEGE	4.274	117
VIRGINIA INSTITUTE OF TECHNOLOGY	4.167	72
J SARGENT REYNOLDS COMMUNITY COL	3.704	54
TIDEWATER COMMUNITY COLLEGE	3.571	56
GEORGE MASON UNIVERSITY	3.419	351
HAMPDEN-SYDNEY COLLEGE	3.333	60
COMMONWEALTH COLLEGE	2.825	177
UNIV OF RICHMOND	2.734	256
WASHINGTON & LEE UNIVERSITY	2.400	125
OLD DOMINION UNIVERSITY	2.091	526
MARY WASHINGTON COLLEGE	1.875	160
VA COMWLTH UNIV-MCV SCH OF MEDICINE	1.852	54
LYNCHBURG COLLEGE	1.786	168
RANDOLPH-MACON WOMANS COLLEGE	1.786	56
EMORY & HENRY COLLEGE	1.754	57

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
VA COMMONWEALTH UNIV MAIN CAMPUS	1.73661	691
UNIVERSITY OF VIRGINIA	1.68135	1249
CHRSTPHR NEWPORT COL OF WM & MARY	1.51515	66
JAMES MADISON UNIVERSITY	1.40187	642
VIRGINIA WESLEYAN COLLEGE	1.33333	75
RANDOLPH-MACON COLLEGE	1.20482	83
VIRGINIA POLYTECHNIC INST	1.07455	1489
BRIDGEWATER COLLEGE	1.03093	97
COLLEGE OF WM & MARY MAIN CAMPUS	1.01626	492
RADFORD COLLEGE	1.00251	399
LONGWOOD COLLEGE	0.66225	151
BLUEFIELD COLLEGE	0.00000	17
RICHARD BLAND COLLEGE OF WM & MARY	0.00000	3
HOLLINS COLLEGE	0.00000	67
MARY BALDWIN COLLEGE	0.00000	49
VA COMMONWEALTH UNIV MEDICAL COL	0.00000	131
PRESBYTERIAN SCH OF CHRISTIAN EDUC	0.00000	4
PROT EPISCOPAL THEOL SEM IN VA	0.00000	3
SWEET BRIAR COLLEGE	0.00000	53
UNION THEOLOGICAL SEMINARY	0.00000	6
UNIV OF VA CLINCH VALLEY COLLEGE	0.00000	20
PATRICK HENRY COMMUNITY COLLEGE	0.00000	7
DANVILLE COMMUNITY COLLEGE	0.00000	32
VIRGINIA WESTERN COMMUNITY COLLEGE	0.00000	36
ELIZABETH BRANT SCHOOL OF BUSINESS	0.00000	13
COMMONWEALTH COLLEGE - NORFOLK	0.00000	71
SMITHDEAL-MASSEY BUSINESS COLLEGE	0.00000	1
DABNEY S LANCESTER COMMUNITY COL	0.00000	10
NEW RIVER COMMUNITY COLLEGE	0.00000	22
ROANOKE MEM HOSP SCH OF RAD-TECH	0.00000	2
NEWPORT NEWS PUB SCH - RAD TECH	0.00000	2
ALEXANDRIA HOSP SCH OF NURSING	0.00000	2
DE PAUL HOSP SCH OF NURSING	0.00000	6
RIVERSIDE HOSP SCH OF NURSING	0.00000	4
ROANOKE MEM HOSP SCH OF NURSING	0.00000	5
BLUE RIDGE COMMUNITY COLLEGE	0.00000	9
VIRGINIA HIGHLANDS COMMUNITY COL	0.00000	3
PORTSMOUTH GEN HOSP SCH OF NURSING	0.00000	1
SOUTHWEST VIRGINIA COMMUNITY COL	0.00000	20
FAIRFAX HOSP SCH OF ANES FOR NURSES	0.00000	4
GERMANNA COMMUNITY COLLEGE	0.00000	3
SOUTHSIDE VIRGINIA COMMUNITY COL	0.00000	7
PAUL D CAMP COMMUNITY COLLEGE	0.00000	1
RAPPAHANNOCK COMMUNITY COLLEGE	0.00000	5
NATL EDUC CTR-KEE BUSINESS COL CAMP	0.00000	1
STAUNTON SCHOOL OF COSMETOLOGY INC	0.00000	13
VIRGINIA SCHOOL OF COSMETOLOGY	0.00000	17
MOUNTAIN EMPIRE COMMUNITY COLLEGE	0.00000	8
CMTY HOSP ROANOKE VY SCH OF RAD-TEC	0.00000	1
PIEDMONT VIRGINIA COMMUNITY COLLEGE	0.00000	23
HICKS ACADEMY OF BEAUTY CULTURE	0.00000	4
FAIRFAX HOSP SCH OF MED-TECH	0.00000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
NATL-EDUC CENTER-TEMPLE SCHOOL CAMP	0	1
EASTERN VIRGINIA MEDICAL SCHOOL	0	14
JAN-MAR BEAUTY ACADEMY	0	12
CMTY HOSP ROANOKE VY SCH OF MED-TEC	0	1
RALPHS VIRGINIA SCH OF COSMETOLOGY	0	3
SOUTHSIDE REG MED CTR SCH OF NURSIN	0	3
MED CTR HOSPS NORFOLK DIV SCH ANES	0	1
RICHMOND PUB SCH OF PRACTICAL NURS	0	5
MADAME DANIELS SCH OF BTY CULTURE	0	1
KING'S DAUGHTER'S HOSP SCH MED TECH	0	1
WARDS CORNER BEAUTY ACADEMY	0	5
MEMORIAL HOSPITAL SCH OF NURSING	0	1
MEMORIAL HOSPITAL SCH OF RAD TECH	0	1
MED CTR HOSPS SCH OF RAD ONCOL TECH	0	1
FLAIR BEAUTY INSTITUTE	0	10
AUTOMOTIVE TRAINING INSTITUTE	0	23
VIRGINIA HAIR ACADEMY	0	3
WINCHESTER MED CTR SURG TECH PROG	0	1
CAREER DEVELOPMENT CENTER	0	10
PAGE BUSINESS SCHOOL	0	2
EASTERN VIRGINIA MEDICAL SCHOOL	0	1
VA COMMONWEALTH UNIV/SCH OF DENT	0	32
VA COMMWLTH UNIV-SCH OF PHARMACY	0	17

VIRGIN ISLANDS

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
COL OF VIRGIN ISLANDS MAIN CAMPUS	21.4286	14

VERMONT

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MARLBORO COLLEGE	22.5806	31
BURLINGTON COLLEGE	21.7391	23
SOUTHERN VERMONT COLLEGE	21.5686	51
COLLEGE OF ST JOSEPH THE PROVIDER	16.6667	42
STERLING COLLEGE	16.6667	6
HENRY W PUTNAM MEM HOSP SCH PRAC NU	12.5000	16
VERMONT COLLEGE	12.2449	147
JOHNSON STATE COLLEGE	11.2676	142
COMMUNITY COLLEGE OF VERMONT	10.8696	46
VERMONT LAW SCHOOL	10.3448	58
WOODBURY ASSO SCH/LEGAL & CONTIN ED	9.6774	31
CHAMPLAIN COLLEGE	9.5506	178
VERMONT TECHNICAL COLLEGE	7.8125	64
SCH FOR INT TRNG OF EXPER INT LIV	7.4074	54
CASTLETON STATE COLLEGE	7.2539	193
LYNDON STATE COLLEGE	6.7669	133
U S SCHOOL OF PROF PAPERHANGING	6.6667	15
BENNINGTON COLLEGE	6.3291	79
THOMPSON SCHOOL OF PRACTICAL NURSES	5.7143	35
TRINITY COLLEGE	5.0505	99
GODDARD COLLEGE	4.4444	45
OBRIENS SCHOOL OF COSMETOLOGY	4.0816	49
NORWICH UNIVERSITY	3.9823	226
GREEN MOUNTAIN COLLEGE	3.5714	28
ST MICHAELS COLLEGE	2.8689	244
U OF VT ST AGRI COL	2.2202	1081
MIDDLEBURY COLLEGE	1.9011	263
VERMONT COLLEGE OF COSMETOLOGY	1.7857	56
WINDHAM COLLEGE	0.0000	1
FANNY ALLEN MEM SCH OF PRACT NURS	0.0000	43
NEW ENGLAND CULINARY INSTITUTE	0.0000	11
UNIV OF VERMONT-COLLEGE OF MEDICINE	0.0000	1

WASHINGTON

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CLOVER PARK VOC TECH INSTITUTE	100.000	1
RENTON BEAUTY SCHOOL	100.000	3
EVERETT PLAZA BEAUTY SCHOOL	100.000	4
WASHINGTON TECHNICAL INSTITUTE	81.250	16
BALLARD ACADEMY	80.000	5
GRIFFIN BELLEVUE BUSINESS COLLEGE	66.667	6
SEATTLE OPPORTUNITIES IND CTR INC	61.589	768
BROADWAY BEAUTY SCHOOL	59.091	22
METROPOLITAN BUSINESS COLLEGE	57.143	140
BAILIE SCHOOL OF BROADCAST	56.897	58
KNAPP COLLEGE OF BUSINESS	54.812	613
LONGVIEW BUSINESS COLLEGE	51.948	77
EVERETT BEAUTY SCHOOL	51.613	31
SEATTLE COMMUNITY COL SOUTH CAMPUS	50.735	136
WHATCOM COMMUNITY COLLEGE	50.000	44
NASH ADVANCED SCH OF HAIR DESIGNERS	50.000	28
CROWN SCHOOL OF HAIR DESIGN	50.000	14
BAILIE SCHOOL OF BROADCAST	49.167	120
CENTRALIA COLLEGE	44.444	9
BELLINGHAM TECHNICAL SCHOOL	44.444	99
GREENWOOD BEAUTY SCHOOL	44.444	9
SPOKANE TECHNICAL INSTITUTE	43.558	163
MR LEES BEAUTY SCHOOL-BURIEN	43.478	23
GRIFFIN COLLEGE	42.657	429
DIVERS INSTITUTE OF TECHNOLOGY	42.254	71
CHASE BUSINESS COLLEGE	42.056	107
CASCADE BUSINESS COLLEGE	41.053	95
CLARK COLLEGE	40.541	222
PUGET SOUND INSTITUTE OF TECHNOLOGY	40.076	262
GRAYS HARBOR COLLEGE	40.000	30
SKAGIT VALLEY COLLEGE	40.000	40
CINDERELLA BEAUTY SCHOOL	40.000	5
SEATTLE MECHANICS SCHOOL	38.636	44
GENE JUAREZ BEAUTY COLLEGES	38.095	21
HI-LINE BEAUTY SCHOOL	37.500	8
LOWER COLUMBIA COLLEGE	37.113	97
LAKE WASHINGTON VOC-TECH INSTITUTE	36.986	73
TACOMA COMMUNITY COLLEGE	36.735	98
STYLEMASTERS COLLEGE OF HAIR DESIGN	35.484	31
BELLEVUE COMMUNITY COLLEGE	35.366	82
YAKIMA VALLEY COLLEGE	33.981	103
SEATTLE COMMUNITY COL CENTRAL OFF	32.544	169
YAKIMA BUSINESS COLLEGE	32.143	84
CAPITOL BUSINESS COLLEGE	31.897	116
EVERETT COMMUNITY COLLEGE	31.250	80
WENATCHEE VALLEY COLLEGE	30.709	127
COLUMBIA BASIN COMMUNITY COLLEGE	30.435	138
MODERN BUSINESS COLLEGE	30.435	46
HERITAGE COLLEGE	30.000	10
ITT TECHNICAL INSTITUTE	29.918	244
OLYMPIC COLLEGE	28.571	35
PUGET SOUND COLLEGE OF THE BIBLE	28.571	7

WASHINGTON (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CORNISH SCHOOL OF ALLIED ARTS	27.9412	68
M'LADY SCHOOL OF BEAUTY	27.7778	18
HIGHLINE COMMUNITY COLLEGE	27.2189	169
SPOKANE FALLS COMMUNITY COLLEGE	26.7380	187
KINMAN BUSINESS UNIVERSITY	26.0536	261
SOUTH PUGET SOUND COMMUNITY COLLEGE	25.9259	54
SPOKANE COMMUNITY COLLEGE	25.6410	312
GLEN DOW ACADEMY OF HAIR DESIGN	25.0000	16
MR LEES BEAUTY SCHOOL	25.0000	16
SKAGIT BUSINESS COLLEGE	25.0000	20
SWEDISH HOSPITAL TUMOR INSTITUTE	25.0000	4
FORT STEILACOOM COMMUNITY COLLEGE	24.4444	45
BIG BEND COMMUNITY COLLEGE	24.1935	62
GREEN RIVER COMMUNITY COLLEGE	24.0000	50
PENINSULA COLLEGE	23.8095	42
WALLA WALLA COMMUNITY COLLEGE	23.8095	105
SEATTLE COMMUNITY COL NORTH CAMPUS	21.9048	105
LACEY BEAUTY COLLEGE	21.4286	14
PERRY TECHNICAL INSTITUTE	21.2121	99
RENON'S BEAUTY SCHOOL	21.0526	19
CLOVER PARK VOC TECH INSTITUTE	20.8333	168
SHORELINE COMMUNITY COLLEGE	20.1754	114
RENTON VOC TECH INSTITUTE	20.0000	35
EDMONDS COMMUNITY COLLEGE	19.6078	51
EVERGREEN STATE COLLEGE	19.3431	274
NORTHWEST COLLEGE	19.2982	57
BELLEVUE BEAUTY SCHOOL	16.6667	12
CITY UNIVERSITY	14.8148	81
EASTERN WASHINGTON UNIVERSITY	14.2195	647
INTERNATIONAL AIR ACADEMY	13.6709	395
WALLA WALLA COLLEGE	12.5000	176
UNIVERSITY OF PUGET SOUND	12.4248	499
GONZAGA UNIVERSITY	12.3167	341
WHITMAN COLLEGE	11.5385	104
WHITWORTH COLLEGE	11.0553	199
CENTRAL WASH STATE COLLEGE	9.9815	541
LUTHERAN BIBLE INSTITUTE	9.3750	32
SEATTLE UNIVERSITY	9.2050	478
WESTERN WASHINGTON UNIVERSITY	8.4791	743
PACIFIC LUTHERAN UNIVERSITY	8.2857	350
UNIV OF WASHINGTON	8.1693	2032
WASHINGTON STATE UNIVERSITY	7.5736	1426
ST MARTINS COLLEGE	7.2727	55
L.M. BATES VOC-TECH INST DENT ASST	7.1429	14
SEATTLE PACIFIC UNIVERSITY	7.1225	351
UNIV OF WASHINGTON SCH OF MED	3.2258	31
DEACONESS HOSP SCH OF NURSING	0.0000	1
SACRED HEART MED CTR SCH OF MED-TEC	0.0000	4
KAREN'S BEAUTY SCHOOL	0.0000	1
KIRKLAND BEAUTY SCHOOL	0.0000	1
ST JOHNS HOSP MEDICAL TECH PROGRAM	0.0000	2
DEACONESS HOSP SCH OF MED TECH	0.0000	1

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SWEDISH HOSP MED CTR SCH MED TECH	0	3
CHILDRENS ORTHO HOSP SCH MED TECH	0	1
JOHN BASTYR COL OF NATUROPATHIC MED	0	17
LEE'S INTERNATIONAL SCH OF BEAUTY	0	3
WENATCHEE COLLEGE OF BEAUTY	0	6
UNIV OF WASHINGTON SCH OF DENT	0	48
UNIV OF WASHINGTON SCH OF PHARM	0	1
WASH ST UNIV-COLL OF VET MEDICINE	0	4

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CITY COLLEGE OF COSMETOLOGY	100.000	1
U OF WISC 2YR LOWER DIV MAIN CAMPUS	66.667	6
GATEWAY TECHNICAL INSTITUTE	63.218	261
MILWAUKEE TECHNICAL COLLEGE	59.974	767
IBA COLLEGE OF COSMETOLOGY	57.143	7
IBA COLLEGE OF COSMETOLOGY	57.143	7
GENEVA ACADEMY OF BEAUTY CULTURE	55.556	9
STRATTON COLLEGE	52.727	165
BLACKHAWK VOC TECH AD ED DISTRICT	51.883	239
MILWAUKEE CTY MED COMPLEX SCH ANEST	50.000	2
NICOLET VOC TECH AD ED DISTRICT	46.970	66
U OF WISC-MARINETTE CO CENTER	44.444	9
U OF WISC-MANITOWOCO CO CENTER	42.857	7
UNIV OF WISC-BARRON COUNTY CAMPUS	41.667	12
JANESVILLE ACAD OF BEAUTY CULTURE	41.379	29
UNIV OF WISC-FON DU LAC CAMPUS	40.000	10
AMERICAN BEAUTY COLLEGE	39.797	691
MANPOWER BUSINESS TRAINING INST	38.235	340
WISC INDIANHEAD VOC TECH AD ED DIST	37.059	170
U OF WISC- ROCK CO CENTER	33.333	24
U OF WISC-BARABOO SAULK CO CENTER	33.333	6
SOUTHWEST WISC VOC TECH AD ED DIST	33.333	144
LACROSSE SCHOOL OF BEAUTY CULTURE	32.353	34
VOC TECH ADULT EDUC DISTRICT ONE	28.621	290
UNIVERSAL ACADEMY OF HAIR DESIGN	27.778	36
MT SENARIO COLLEGE	27.193	114
MADISON AREA TECHNICAL COLLEGE	26.728	434
NORTH CENTRAL VOC TECH AD ED DIST	26.220	164
NORTHEAST WISC VOC TECH AD ED DIST	25.664	113
U OF WISC-WOOD CO CENTER	25.000	4
U OF WISC-WASHINGTON CO CENTER	25.000	4
MID-STATE TEC INST-WISC RAPIDS CAMP	24.752	101
WAUKESHA COUNTY VOC TECH AD ED DIST	24.390	123
STATE COLLEGE OF BEAUTY CULTURE INC	23.333	30
FOX VALLEY VOC TECH AD ED DISTRICT	23.039	204
TRANS AMERICAN SCH OF BROADCASTING	22.727	22
WESTERN WISC VOC TECH AD ED DIST	22.476	307
CONCORDIA COLLEGE	21.875	96
UNIV OF WISC PARKSIDE	19.412	170
LAKESHORE TECHNICAL INSTITUTE	18.919	74
BELLIN MEM HOSP SCH OF NURSING	18.182	11
NORTHLAND COLLEGE	17.708	96
ADVANCED INSTITUTE OF HAIR DESIGN	17.391	23
U OF WISC-WAUKESHA CO CENTER	16.667	30
U OF WISC-RICHLAND CENTER	16.667	6
EVANGELICAL DEAC HOSP SCH OF NURS	16.667	6
ACME INSTITUTE OF TECHNOLOGY	16.667	6
WISCONSIN LUTHERAN COLLEGE	16.667	6
UNIV OF WISC SUPERIOR	16.352	159
UNIV OF WISC MILWAUKEE	15.405	1506
MORAINE PARK VOC TECH AD ED DISTRIC	15.044	113
U OF WISC-FOX VALLEY CENTER	14.286	21

WISCONSIN (cont'd)

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
U OF WISC-MARATHON CO CENTER	14.2857	21
U OF WISC-SHEBOYGAN CENTER	14.2857	7
DEACONESS HOSP SCH OF RAD-TECH	14.2857	7
STEVENS POINT CENTRAL BEAUTY ACAD	14.2857	35
SCIENTIFIC COLLEGE OF BEAUTY	13.5135	37
MILWAUKEE SCHOOL OF THE ARTS	13.5135	37
VITERBO COLLEGE	12.9310	116
U OF WISC-UNIVERSITY EXTENSION	12.5000	8
ACME INSTITUTE OF TECHNOLOGY	11.1111	18
UNIV OF WISC ALL CAMPUSES	11.1111	27
ST LUKE'S HOSP SCH OF PRACT NURSING	11.1111	9
PATRICIA STEVENS CAR COL & FIN SCH	10.9756	82
MADISON BUSINESS COLLEGE	10.5263	38
SILVER LAKE COL OF THE HOLY FAMILY	10.3448	29
UNIV OF WISC RIVER FALLS	10.3161	601
ALVERNO COLLEGE	10.2362	127
EDGEWOOD COLLEGE	9.8361	61
CARTHAGE COLLEGE	9.5588	136
WISCONSIN COLLEGE OF COSMETOLOGY	9.3750	32
STATE COLLEGE OF BEAUTY CULTURE	9.3023	43
UNIV OF WISC GREEN BAY	9.0032	311
LAKELAND COLLEGE	8.9552	67
WISCONSIN COL CONSERVATORY OF MUSIC	8.3333	12
CARDINAL STRITCH COLLEGE	8.1871	171
UNIV OF WISC OSHKOSH	8.1670	551
UNIV OF WISC LA CROSSE	7.9057	721
MILWAUKEE CO GEN HOSP SCH NURSING	7.6923	13
MT MARY COLLEGE MAIN CAMPUS	7.5758	66
UNIV OF WISC STEVENS POINT	6.9100	767
UNIV OF WISC PLATTEVILLE	6.8493	438
UNIV OF WISC MENOMONIE	6.5310	934
UNIV OF WISC MAIN CAMPUS	6.4944	3018
MEDICAL COLLEGE OF WISCONSIN	6.1728	81
MILWAUKEE SCHOOL OF ENGINEERING	6.0606	198
UNIV OF WISCONSIN-MEDICAL SCHOOL	5.8824	17
MARQUETTE UNIVERSITY	5.7803	1038
UNIV OF WISC EAU CLAIRE	5.6180	979
UNIV OF WISC WHITEWATER	5.4707	786
CARROLL COLLEGE	5.4264	129
MARIAN COLLEGE OF FOND DU LAC	5.2632	57
LAWRENCE UNIVERSITY MAIN CAMPUS	5.0505	99
RIPON COLLEGE	3.7975	79
WISCONSIN SCHOOL OF ELECTRONICS	3.7975	79
ST NORBERT COLLEGE	1.7544	171
BELOIT COLLEGE	1.2195	82
MILTON COLLEGE	0.0000	2
NASHOTAH HOUSE	0.0000	2
UNIV OF WISC CENTRAL OFFICE	0.0000	4
INSTITUTE OF PAPER CHEMISTRY	0.0000	6
MORAINE PARK TECH INST-FOND DU LAC	0.0000	1
BELLIN MEM HOSP SCH OF XRAY TECH	0.0000	2
LUTHER HOSP SCH OF XRAY TECH	0.0000	5

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
MILWAUKEE CO GEN HOSP SCH RAD-TECH	0	3
ST AGNES HOSP SCH OF RAD-TECH	0	1
ST JOSEPHS HOSP SCH OF RAD-TECH	0	2
ST LUKES HOSP SCH OF XRAY TECH	0	1
ST MARYS HOSP MED CTR SCH RAD-TECH	0	1
ST MARYS HOSP SCH OF RAD-TECH	0	3
THEDA CLARK MEM HOSP SCH OF RAD TEC	0	6
COLUMBIA HOSP SCH OF NURSING	0	7
ST JOSEPHS HOSP SCH OF NURSING	0	11
ST LUKES HOSP SCH OF NURSING	0	15
ST MARYS HOSP MED CTR SCH OF NURS	0	1
WAUSAU HOSP NORTH SCH OF ANESTHESIA	0	6
CITY COLLEGE OF COSMETOLOGY	0	1
CITY COLLEGE OF COSMETOLOGY	0	1
AMERICAN BEAUTY COLLEGE	0	7
AMERICAN BEAUTY COLLEGE	0	1
AMERICAN BEAUTY COLLEGE	0	2
HOLY REDEEMER COLLEGE	0	4
WISC INDIANHEAD TECH INST-NW RCHMND	0	1
ST FRANCIS SCH OF PASTORAL MINISTRY	0	4
ST MICHAEL HOSP SCH OF RAD-TECH	0	1
VET ADMIN CTR SCH OF MED-TECH	0	1
CLEMENT J ZABLOCKI VA MED CTR SCH	0	2
MADISON GEN HOSP SCH OF RAD-TECH	0	1
ST MARYS MED CTR SCHOOL OF MED TECH	0	1
ST FRANCIS HOSP SCH OF ANESTHESIA	0	6
ST VINCENT HOSP SCH OF MEDICAL TECH	0	1
DEACONESS HOSP SCH OF NURSING	0	2
SACRED HEART SCHOOL OF THEOLOGY	0	1
NORTHWESTERN COLLEGE	0	8
FAMILY HOSP PROGRAM IN NUC MED TECH	0	3
BELOIT HAIR DESIGN COLLEGE	0	2
TECHNOLOGY INSTITUTE OF MILWAUKEE	0	3
MEDICAL COLLEGE OF WISCONSIN	0	1

WEST VIRGINIA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
WETZEL CTY CAREER CTR SCH PRACT NUR	100.000	1
HUNTINGTON BARBER COLLEGE INC	65.385	26
CAPITAL CITY BEAUTY COLLEGE	61.111	36
WEST VIRGINIA CAREER COL CHARLESTON	57.642	229
NORTHEASTERN BUSINESS COLLEGE II	56.279	215
WEST VIRGINIA COL OF GRADUATE STUDY	55.556	36
WEST VIRGINIA NO CMTY COL WHEELING	52.846	123
SOUTHERN W VA CMTY COL WILLIAMSON	50.000	20
MINERAL COUNTY VOC TECH CENTER	50.000	4
CHARLESTON SCHOOL OF BEAUTY CULTURE	50.000	58
WEST VIRGINIA STATE COLLEGE	49.789	237
WEBSTER COLLEGE	48.667	150
CHASTN BARBER COLLEGE	47.368	19
CENTURY COLLEGE	47.146	473
GARNET CAREER CENTER	46.667	30
EXCEL COLLEGE	44.175	206
CARVER CAREER & TECH EDUC CENTER	42.105	19
SOUTHERN W VA CMTY COL LOGAN	41.667	24
MOUNTAIN STATE COLLEGE	41.176	136
PARKERSBURG COMMUNITY COLLEGE	37.569	181
ST MARYS HOSP SCH OF NURSING	37.500	8
BECKLEY COLLEGE	36.364	77
BLUEFIELD STATE COLLEGE	36.054	147
HUNTINGTON JUNIOR COLLEGE	34.848	66
NATL EDUCATION CENTER-NATL INST TEC	33.981	206
HUNTINGTON SCH OF BEAUTY CULTURE	33.333	78
PARKERSBURG BEAUTY COLLEGE	33.010	103
LITTLE FRENCH BEAUTY ACADEMY	32.836	67
JAMES RUMSEY VOC TECH CENTER	31.250	80
WEST VIRGINIA UNIV POTOMAC ST COL	31.034	58
WEST VIRGINIA CAREER COL MORGANTWN	29.341	167
CONCORD COLLEGE	28.671	143
BENJ FRANKLIN CAREER & TECH EDUC CT	28.571	14
BECKLEY BEAUTY ACADEMY	27.586	58
INTERNATIONAL BEAUTY SCHOOL	26.923	26
MONONGALIA COUNTY VOC-TECHNICAL CTR	25.926	27
FAIRMONT STATE COLLEGE	25.275	364
ARCH MOORE JR VOCA-TECH ADULT ED CT	25.000	4
WHEELING BEAUTY COLLEGE INC	24.706	85
GLENVILLE STATE COLLEGE	24.224	161
MARSHALL UNIVERSITY MAIN CAMPUS	23.447	789
WEST VIRGINIA INST OF TECHNOLOGY	21.525	223
UNIVERSITY OF CHARLESTON	21.186	118
SALEM COLLEGE MAIN CAMPUS	20.175	114
APPALACHIAN BIBLE COLLEGE, INC	19.355	31
UNITED CAREER CENTER	18.182	11
RALEIGH COUNTY VO-TECH CENTER	17.857	28
CLARKSBURG BEAUTY ACADEMY INC	17.460	63
WOOD COUNTY VOC SCH FOR PRACT NURS	12.500	16
WEST LIBERTY STATE COL MAIN CAMPUS	12.444	225
ALDERSON-BROADDUS COLLEGE	12.397	121
DAVIS & ELKINS COLLEGE	12.162	148

WEST VIRGINIA

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
SHEPHERD COLLEGE	10.6061	198
WHEELING BARBER COLLEGE INC	10.0000	10
WEST VIRGINIA UNIV HOSP SCH RAD TEC	10.0000	10
WEST VIRGINIA UNIV MAIN CAMPUS	9.9581	1908
MEREDITH MANOR SCH OF HORSEMANSHIP	9.3750	32
WEST VIRGINIA WESLEYAN COLLEGE	9.1324	219
BETHANY COLLEGE	8.9888	89
OHIO VALLEY GEN HOSP SCH OF NURSING	7.1429	14
OHIO VALLEY COLLEGE	6.0606	33
WHEELING COLLEGE	5.8140	86
UNITED HOSPITAL CTR SCH OF RAD TECH	0.0000	1
CHASTN AREA MED CTR SCH ANE MEM DIV	0.0000	13
WEST VA SCH OF OSTEOPATHIC MEDICINE	0.0000	27
CHASTN AREA MED CTR SCH ANE GEN DIV	0.0000	1
ST JOSEPHS HOSP SCH OF ANEST NURSES	0.0000	2
B M SPURR SCH OF PRACTICAL NURSING	0.0000	1
UPSHUR COUNTY SCH OF PRACTICAL NURS	0.0000	7
WEST VA UNIV MED CTR PROG RAD THERP	0.0000	1
MEMORIAL GEN HOSP SCH OF MED TECH	0.0000	1
MARSHALL UNIV SCHOOL OF MEDICINE	0.0000	1
WEST VIRGINIA UNIV SCH OF MEDICINE	0.0000	1
WEST VA SCH OF OSTEOPATHIC MEDICINE	0.0000	4
WEST VIRGINIA UNIV SCH OF DENT	0.0000	1

WYOMING

SCHOOL NAME	% IN DEFAULT (2 YEAR RATE)	# BORROWERS IN REPAYMENT STATUS
CERTIFIED WELDING & TRADE SCH/WY	35.2941	34
WRIGHT BEAUTY ACADEMY	32.4324	37
LARAMIE COUNTY COMMUNITY COLLEGE	23.4848	132
WESTERN WYOMING COMMUNITY COLLEGE	23.3333	30
EASTERN WYOMING COLLEGE	23.2558	43
NORTHWEST COMMUNITY COLLEGE	22.9167	96
SHERIDAN COLLEGE	19.4444	36
CENTRAL WYOMING COLLEGE	16.0000	25
CASPER COLLEGE	12.5000	104
MODERN TREND BEAUTY SCHOOL	11.1111	9
WYOMING TECHNICAL INSTITUTE	7.5221	452
UNIVERSITY OF WYOMING	6.1254	702

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REPORT ON FEDERAL GUARANTEED STUDENT LOAN DEFAULT RATES BY INSTITUTIONS OF POSTSECONDARY EDUCATION

PRELIMINARY FINDINGS

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SEPTEMBER 18, 1987

A Joint Project of the National Conference of State Legislatures and the National Governors' Association Center for Policy Research

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PREFACE AND ACKNOWLEDGEMENTS

Borrower defaults under the Federal Guaranteed Student Loan (GSL) program continue to increase despite enhanced efforts at both default prevention and loan collection. In federal fiscal year 1986,[1] loans entering default under the GSL program totaled almost $1.3 billion, more than four times the amount entering default in 1982. Because the federal government is the primary underwriter for this program, each uncollected default dollar translates into increased federal spending to pay for the default costs.

The primary purpose of this study has been to create a data base to provide both federal and state governments with better information on the ongoing changes in the GSL program. FFIS has reviewed and analyzed the 13 million records maintained on student loans insured by state and private guarantee agencies through the GSL program. Default information for approximately 8,300 postsecondary institutions that have participated or are participating in the GSL program is included in the data base. These institutions include:

- two-and four-year public and private colleges and universities
- public and private non-profit training and vocational schools; and
- various proprietary career schools

These data reflect default status as of September 30, 1986, as reported by the various guarantee agencies to the U.S. Department of Education. *All institutional default amounts and rates are cumulative amounts and do not reflect any collections subsequent to default.*

The appendix that accompanies this report lists institutions with fifteen or more student loans in default by name, sorted highest to lowest by default rate within each state, the District of Columbia, Puerto Rico, and other outlying island jurisdictions. In addition, default rates at the various foreign schools participating in the GSL program are examined at the end of the appendix.

For each school listed in the appendix, three separate totals are provided:

- total dollars disbursed to defaulters since the school began participating in the GSL program through September 30, 1986, *divided by;*
- total dollars in repayment status, i.e. all loans that have (or should have) gone into repayment and technically referred to as "matured paper," *resulting in;*
- the institution's *default percentage.*

It is this institutional information, plus certain summary calculations for all GSL institutions in the guarantee agency data file, that serves as the basis for the analysis that follows.

One final caution must be noted. While this analysis has calculated default rates by postsecondary institutions, these institutions have no direct contractual responsibility to repay

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1/ The federal fiscal year runs from October 1 to September 30. All year references in this document refer to federal fiscal years, unless otherwise noted.

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lenders, guarantee agencies, or the federal government when one of their former students defaults on a GSL. One central policy question raised by this analysis is, then, whether or not there is an *institutional* default level above which continued participation in the GSL program should be monitored, curtailed, or prohibited.

The creation of the data base now permits state higher education executive organizations (SHEEOs), state student aid agencies, and the federal government to develop management information on GSLs provided to state residents and institutions of higher education. This report focuses on two areas:

- providing information on default rates for each postsecondary education institution; and
- reviewing the growing impact of private guarantee agencies that are not run or sanctioned by the states on state operated programs.

This report must be considered only a first step in using the data base to analyze the current default condition of the GSL program. Part I provides general background on the GSL default issue, including recent data on overall default amounts and trends. Part II provides a more intense focus on GSL default data by state and type of institution, including a review of the rapid growth in loan guarantees made by not-for-profit guarantee agencies. Finally, a separate appendix provides selected GSL default information for postsecondary institutions, ranked highest to lowest by default in each state, using the 1986 Guarantee Agency reports.

This report could not have been completed without the active cooperation of the Office of Student Financial Assistance within the U.S. Department of Education. FFIS would especially like to thank Dr. Dewey Newman, deputy assistant secretary for postsecondary education and his special assistant, Dr. Joel West, for their active cooperation in providing access to various data sources. In addition, FFIS would like to thank the staff at various SHEEOs for their support.

The primary author of this report is Mark Wolfe, with significant support from David Osman and Vic Miller. Dr. Richard Toikka and Alan Cohen of Applied Management Sciences provided quality analytical, programming, and statistical support. Seth Johnson performed long hours of research assistance; Nana Kyea III provided invaluable administrative support in data entry, report formatting and editing; and Rae Bond supplied in-depth editorial advice.

EXECUTIVE SUMMARY

FFIS has reviewed and analyzed the 13 million records maintained by the U.S. Department of Education on student loans insured by state and private guarantee agencies through the federal Guaranteed Student Loan (GSL) program. These records include default information for approximately 8,300 post-secondary institutions that have participated or are participating in the GSL program through guarantee agencies. These institutions include:

o two- and four-year public and private colleges and universities;

o public and private non-profit training and vocational schools; and

o various proprietary career schools.

The FFIS review was undertaken to establish a GSL data base, and so provide state higher education executive organizations (SHEEOs), state student aid agencies, and the federal government with better information on GSLs provided to state residents and institutions. The study has focused on two areas:

o providing information on default rates for each institution of higher education in each state; and

o reviewing the growing private guarantee agencies not sanctioned by the state have on state-operated programs.

This preliminary analysis leaves no doubt that default rates vary significantly by school, by type of school, by size of loan, and by guarantee agency. Other studies have suggested a variety of other factors that correlate with the defaulting on student loans, including age, income, completion of school, type of employment upon leaving school, amount borrowed, etc. Further research is clearly necessary to help define the conditions leading to high default rates, and to assist policy analysts to determine the extent to which default rates are an important tool in measuring the success of the GSL program.

Defaults

Since 1984, the cumulative default rate for GSLs insured by guarantee agencies has increased from 10.8 percent to 12.1 percent of loans in repayment status. The exact causes for this increase are unknown, but state guarantee agency directors and researchers have attributed the increase to marketing by lenders and schools to students attending "non-traditional" institutions of higher educations, e.g., community colleges and proprietary institutions.

One of the most dramatic impacts from this increase in GSL default dollar volume has been the steady rise in federal GSL spending for defaults since the late 1970s. Federal GSL costs are primarily driven by interest rates and by levels of defaults. Recent savings from lower interest rates have partially obscured the fact that total payments for GSL defaults have increased from approximately $235 million in federal fiscal year 1979 to almost $1.3 billion in 1986, a five-fold increase in seven years. During the same period of growth, collections on defaulted loans by guarantee agencies and the federal government have increased considerably, rising from $71 million in 1978 to almost $420 million in 1986. A further encouraging note concerning collections is that while the annual dollar amount entering default more than doubled between 1984 and 1986, collections on defaults during this period increased by almost 300 percent.

As GSL defaults have increased, more federal spending is required to reimburse lenders, diverting resources from other student aid programs. If the annual GSL default expenditure were half of what it actually had been in recent years, the $500-600 million annual "savings" could have been used to increase Pell Grants, college work-study, or other forms of federal student aid assistance. From another perspective, a future increase in interest rates could well siphon off funds from these other, needs-based programs to reimburse the GSL entitlements.

Role of Guarantee Agencies

The GSL program provides federally subsidized and guaranteed educational loans to postsecondary students, primarily through banks and other private sector lenders. In 1986, approximately $8 billion in new GSL regular loans were made to more than three million postsecondary students, with another $1 billion loaned to more than 300,000 students and parents under the companion Parent Loans to Undergraduate Students (PLUS) program.

The day-to-day operations of the program are carried out primarily by state guarantee agencies and state-designated, private, not-for-profit guarantee agencies. These agencies directly guarantee the loans, and the federal government reinsures them. The federal government pays guarantee agencies an administrative allowance, and allows them to charge student borrowers an insurance premium of up to three percent of the amount borrowed. The combination of federal and insurance premium income has allowed all agencies to be self-supporting.

Guarantee agencies are operated as units of state government in twenty-five state's and Puerto Rico; as state-designated, quasi-public corporations in eighteen states; and through one of two national non-profit corporations in the other seven states and the District of Columbia. These national corporations include the Higher Education Assistance Foundation (HEAF), which operates guarantee agency loan programs in the District of Columbia, Kansas, Minnesota, Nebraska, West Virginia, and Wyoming, and the United Student Aid Funds (USAF), which operates guarantee agencies in Arizona and Hawaii.

The GSL program is unlike most federal programs in one important respect – private agencies are allowed to compete with state programs in providing services without the approval of the states Governor or legislature. Federal legislation provides private agencies with the same level of subsidy that is provided to state agencies.

Unlike most state programs, both USAF and HEAF actively market GSLs to students regardless of their state of residence. The activities of these two guarantee agencies have raised concerns among state programs regarding (1) loss of loan volume by state agencies and their resulting loss of revenues; (2) access to data for planning state grant and scholarship activities; and (3) development of strategies for reducing defaults. Annual loan volume of private agencies currently represents about 30 percent of loans guaranteed on an annual basis.

Institutional Default Rates

Post-secondary institutions, at present, have no responsibility to repay lenders, guarantee agencies, or the federal government when one of their former students defaults on a GSL. One central policy question raised by this analysis is, then, whether institutional default levels should effect continued participation in the GSL program.

FFIS preliminary analysis of the data base reveals that:

- On average, about 60 percent (5,100) of the institutions had default rates of less than 20 percent. These institutions accounted for about 55 percent of all loans in default ($2.4 billion) and represented the entire spectrum of institutions of higher education in the United States. Within this group, about 2,800 had default rates of less than 10 percent.
- Institutions with default rates of less than 10 percent include (but are not limited to) schools with religious affiliations; medical/dental/public health schools; highly selective private and public colleges; and graduate schools.
- Many public community colleges had mid-range (20 percent to 40 percent).
- Institutions with default rates of more than 60 percent primarily include proprietary career institutions such as cosmetology and business schools. The proprietary institution category was dominated by cosmetology schools. Within the proprietary sector, however, there is substantial diversity, with many vocational and technical training institions, including selected cosmetology schools, having defaults rates comparable to that of community colleges or lower.
- FFIS was able to identify 427 institutions that had default rates greater than 60 percent. These institutions represented less than 5 percent of all participating institutions, and accounted for less than 3 percent of all loan defaults. On average, defaults at each of these institutions totaled less than $100,000.

  However, thirty-four of the 427 institutions of the "60 percent" institutions had cumulative defaults in excess of $1 million each. In addition, another thirty-four institutions were found to have a default rate of at least 40 percent and an aggregate default volume of at least $5 million. For these institutions, almost one out of every two borrowers has entered default status. The federal government may want to address the issue of whether a loan program is appropriate for such schools.
- A number of smaller, less selective public and private four-year institutions have default rates above 40 percent.
- Finally, the various foreign schools participating in the GSL program deserve special attention. Of thirty-eight such institutions in foreign countries (see appendix), nineteen had a default rate of 20 percent or more; while three schools were above 40 percent; and one school had a rate nearly 72 percent, with over $344,000 cumulative defaults. In total, foreign colleges accounted for almost $16 million in loan defaults.

Default Rates By Level And Control

FFIS was able to identify the level (two-year, four-year, etc.) and control (public, private non-profit, etc.) of fewer than half of the institutions listed on the data file. The identified institutions primarily represent four-year public and private institutions, while the unidentified institutions primarily represent community colleges, vocational-technical institutions, and proprietary career schools. The approximate average default rate for the four-year institutions was about 10 percent while the average default rate for the other institutions was 17 percent.

State-by-State Comparison

The report also provides summary state-by-state data on default rates by state agencies, and by the two national guarantors sorted by residence of the students. The appendix lists the dollar amount of defaults by school sorted by state. Within each state, loans are sorted by default rate from highest to lowest. In general, the state-by-state data support national findings, as follows:

- In most states, default rates of the national guarantors are higher than the rates for state agencies. However, the relationship is not consistent across all states. Further research will be necessary to determine the causes of the differential rates.
- Multi-state chains of cosmetology and business schools have default rates significantly higher than average.
- In almost every state, beauty academies and other schools of cosmetology have the highest default rates. Other types of institutions within each state with high default rates are community colleges, business schools, and other vocational-technical institutions.
- By comparison, in almost every state there is a group of institutions with very low default rates (less than 10 percent). In general, institutions with very low default rates that have perceived patterns of good employment opportunities, e.g. medical, law, and other graduate schools, and the more selective four-year public and private institutions.
- High levels of defaults are not limited to two-year community and proprietary institutions. In general, less selective four-year public and private colleges have high rates of loan defaults.

Sources

The data used in this report are derived from reports provided to the U.S. Department of Education by state and private student loan guarantee agencies on loans made as of September 30, 1986. FFIS checks of the data accuracy and completeness in general show these compilations to be comparable to other published GSL data. However, it seems clear that the data for at least one state (Louisiana) are incomplete.

I. GUARANTEED STUDENT LOANS: DEFAULT BACKGROUND

Part I places the GSL program in the overall context of student aid,, providing a history of the program, definitions, a review of overall statistics, and a summary of recent events.

Loans as Federal Student Aid

In the 1985-86 academic year, more than 12 million American students spent in excess of $75 billion at postsecondary schools for tuition, fees, room and board, books, and related expenses. These students included those from the traditional undergraduate age cohort, adults, and students in graduate and professional training. The postsecondary institutions these students attended ranged from two-year and four-year public and private colleges and universities to private, not-for-profit and proprietary schools specializing in technical training.

Since the mid-1960s, the federal government has played an increasingly important role in helping postsecondary students finance the costs of a higher education. Through the 1970s, such federal student aid support was primarily in the form of various *grant* programs -- such as the Pell Grant program or GI readjustment benefit program available to eligible veterans. In the 1980s, however, student *loans* have emerged as the dominant form of federal student aid support, with the Guaranteed Student Loan program becoming the largest source of such federal support.

In the 1985-86 academic year, for example, all of the Department of Education's major student aid programs provided an estimated $14.2 billion in student aid. More than 60 percent of estimated federal student aid support for the 1985-86 academic year was provided through the GSL program. In terms of the number of borrowers, more than 3.6 million students received GSLs to help pay for their postsecondary education during this academic year.

Table 1
Selected Federal Student Aid Programs: Estimated Awards to Students - 1985-86

Program	Awards	% of Total
Guaranteed Student Loans	$8.6 billion	60.6%
Pell Grants	3.7 billion	26.1%
Supplemental Educational Opportunity Grants	0.4 billion	2.8%
Perkins Loans (formerly National Direct Student Loans)	0.8 billion	5.6%
College Work-Study	0.7 billion	4.9%
Total	$14.2 billion	100%

To support this $14.2 billion in awards to students in 1985-86, the Department of Education *spent* approximately $8.2 billion in federal appropriations through five major programs. Table 2 shows that federal appropriations provided in support of GSLs for the 1985-86 school year totaled $3.3 billion, about 40 percent of the total $8.2 billion. Since the programs are financed through a variety of funding mechanisms, student aid resources for 1985-1986 came from multiple sources, including appropriations for fiscal years 1985-87, and Perkins Loans college revolving funds.

Table 2

Selected Programs: Estimated Federal Appropriations Supporting Student Awards in 1985-86

Program	Appropriation	% of Total
Guaranteed Student Loans	$3.3 billion	40.2%
Pell Grants	3.7 billion	45.1%
Supplemental Educational Opportunity Grants	0.4 billion	4.9%
Perkins Loans (formerly National Direct Student Loans)	0.2 billion	2.4%
College Work Study	0.6 billion	7.3%
Total	$8.2 billion	100%

Background -- The GSL Program

Since 1966, the GSL program has provided low-interest loans directly to students for postsecondary education purposes, with repayment of both loan principal and interest beginning only after a student leaves school. The borrower's interest rate for these *regular student loans* has varied between seven percent and nine percent over the years, and, until the 1986 amendments to the program, remained fixed for the life of the loan. Annual and total maximum loan amounts have also changed over the years, with the annual limits increasing from $1,000 for undergraduate and $1,500 for graduate students in 1966 to annual maximums of $2,500 for undergraduates and $5,000 for graduate students through federal fiscal year 1986. Effective in 1987, these annual loan limits were increased to $2,625 for each of the first two years of undergraduate study, $4,000 for the next three years, and $7,500 for graduate study. Under current law, an undergraduate student is allowed to accumulate $17,250 in GSL debt. For students who go on for graduate study, the cumulative limit is $54,750. Except for a period between 1979 and 1981, demonstration of financial need has been required for some, and at times, all regular student loan borrowers.

In 1981, a new *parent loan* program, Parent Loans for Undergraduate Student (PLUS), was added to the GSL program. In 1982, the PLUS program was amended to include some limited student participation. Most recently, amendments in 1986 divided the PLUS parent and PLUS student programs into two legislatively separate programs, while also authorizing a new loan consolidation program. Thus, as of October 17, 1986, there are four distinct GSL program components: *regular student loans*; *PLUS loans* for parents; the new *supplemental loan* program for students; and the new *loan consolidation program*.[1]

1/ The data contained in this report refer only to regular GSLs, which constitute about 95 percent of all GSLs.

The day-to-day operations of the program are carried out primarily by state agencies and state-designated not-for-profit guarantee agencies.[1] The responsibilities of guarantee agencies include:

- providing loan insurance to lenders against default, death, bankruptcy, or disability of the borrower;
- promoting the participation of lenders in the program;
- providing assistance to lenders to prevent defaults;
- monitoring the enrollment and repayment status of students; and
- collecting on loans in default.

In return for providing these services, the federal government pays guarantee agencies an administrative cost allowance and reinsures most loan defaults. In addition, guarantee agencies are allowed to charge student borrowers an insurance premium of up to three percent of the amount borrowed. The combination of federal and insurance premium income has allowed all agencies to be self-supporting.

Guarantee agencies are operated as units of state government in twenty-five states and Puerto Rico; as state-designated quasi-public corporations in eighteen states; and as part of one of two national not-for-profit corporations in the other seven states and the District of Columbia. These two not-for-profit agencies include the Higher Education Assistance Foundation (HEAF), which operates guarantee agency loan programs in the District of Columbia, Kansas, Minnesota, Nebraska, West Virginia, and Wyoming, and the United Student Aid Funds (USAF), which operates guarantee agencies in Arizona and Hawaii.

Unlike most state programs, both USAF and HEAF actively market GSLs to students regardless of their state of residence. The activities of these two guarantee agencies have raised concerns among state programs regarding their:

- loss of loan volume and the resulting loss of revenues;
- access to data for planning state grant and scholarship activities; and
- development of strategies for reducing defaults.

The GSL program is different from most federal programs in one important respect – private agencies are allowed to compete with state and state-designated programs for providing services without the approval of the state's Governor or legislature. Federal legislation provides private agencies with the same level of program subsidies as are provided to state agencies.

Another area of concern about the growth of the two private agencies is whether they will be able to provide the same level of resources in controlling defaults as the state agency programs

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1/ Since the origins of the GSL program in 1966, state and private not-for-profit agencies have insured GSLs against default. Between 1968 and 1984, however, the federal government also operated a GSL insurance program known as FISL (Federally Insured Student Loans) for those states without a guarantee agency program.

provide. With activities in all 50 states, it is possible that the two agencies will not be able to focus as much attention as states on controlling and monitoring defaults. At present, the cumulative default rates for HEAF and USAF are 13.3 percent and 16.5 percent respectively, both higher than the national average rate of 12.1 percent. Cumulative loan volume guaranteed by the national corporations through 1986 totaled about $6.6 billion, about 14 percent of all GSLs ever insured by state or private agencies. Annual 1986 loan volume of the corporations represented about 30 percent of loans guaranteed.

Concern for Defaults

As the federal reliance on student loan aid has grown in recent years, so has concern over actual and potential problems with student loan defaults. Since the mid-1970s, when the federal government found that it had little systematic information on student loan defaults and few procedures for default collections, the issue of loan defaults under the various federal student loan programs has remained a constant focus of state and federal officials, educators, and the general public. Although a number of federal departments and agencies have administered education loan programs -- such as those for veterans, health professionals, or refugees -- that have received default publicity over the years, most such attention has focused on the GSL program, which has been by far the largest of the student loan programs.

Definition of "Default"

A GSL regular student loan is considered in "default" when monthly payments are 120 days in arrears, or those loans with less frequent payments are 180 days in arrears.

In general, there are two key points to remember about a GSL student loan that goes into default. First, the effort to collect on the debt does not start or cease when the loan is officially declared to be in default. As amended by legislation, U.S. Department of Education regulations, and guarantee agency practice in recent years, the default collection process can roughly be described as follows, once a borrower fails to make his student loan payments:

- The lender makes phone calls and otherwise notifies the borrower of his delinquency.
- The lender asks the guarantee agency to help with collection.
- After approximately 120 days, the lender is reimbursed for the unpaid principal amount by the guarantee agency, provided the lender can prove a good faith effort to collect the loan.
- The lender notifies the credit bureau of the default, while the guarantee agency continues to attempt collection of the loan.
- If the borrower still fails to pay, the guarantee agency is reimbursed by the federal government for its insurance payment on the loan, at a rate of either 80, 90, or 100 percent of the loan amount -- depending on the guarantee agency's default record for that year. (In practice, most agencies receive 100 percent or close to 100 percent reinsurance from the federal government.)

- **The guarantee agency continues collection efforts, with the right to keep up to 35 percent of any sum now collected.**
- **The U.S. Department of Education may notify the Internal Revenue Service of the default, in which case the defaulter's income tax refund may be reduced, his name may be forwarded to the Department of Justice for prosecution, or a private collector may be assigned to his case.**

The second point concerns the impact on the GSL default rate once a student loan has been declared in default. Under the GSL program, two default rates are calculated. The *first rate* is the *"lenders' default claims"* rate, which is computed by dividing the cumulative totals of default claims paid to lenders by the cumulative total of loans that have gone into repayment status (i.e., "matured paper"). This first rate may roughly be considered a "gross" default rate, since once a loan dollar becomes matured paper or goes into default, it never gets removed from the respective cumulative totals.

By contrast, the *second default* rate is termed the *"net"* rate, and is computed by subtracting cumulative collections of defaulted loans from the cumulative claims paid to lenders before dividing the remainder by the cumulative matured paper total.

While the net rate is becoming an increasing important tool in attempting to gauge how well various default collection efforts are succeeding, the gross rate has been the comparative standard cited for the GSL program over the years. In addition, some GSL default data are not available on a net default basis. For example, the institutional default data discussed in the second part of this report: currently exist only to the level that permits calculation of an institutional gross default rate.

Overview Statistics

The cumulative gross default rate for the entire GSL *student loan* program stood at 13.0 percent at the end of 1986. As of that date, $5.6 billion in student loans were in default out of a total of $43.1 billion in matured paper. As noted above, however, this cumulative gross default rate is divisible into two components: loans directly insured by the federal government under the FISL program and loans directly insured by guarantee agencies. For 1986, the FISL cumulative gross default rate totaled 17.8 percent, with $1.2 billion cumulative defaults out of $6.8 billion cumulative loans in repayment. By contrast, the guarantee agency cumulative gross default rate for 1986 totaled 12.1 percent, with $4.4 billion cumulative defaults out of $36.3 billion cumulative loans in repayment.

Since 1984 the default rate for the GSL state agency program has increased from 10.8 percent to 12.1 percent of loans, while the FISL rate has also increased, from 16.3 percent to 17.8 percent. The exact reasons for the increases are unknown. This preliminary analysis leaves no doubt that default rates vary significantly by school, by type of school, by size of loan, and by guarantee agency. Other studies have suggested a variety of other factors that correlate with defaulting on student loans, including age, income, completion of school, type of employment upon leaving school, amount borrowed, etc. Further research is clearly necessary to help define the conditions leading to high default rates, and to assist policy analysts to determine the extent to which default rates are an important tool in measuring the success of the GSL program.

Impact on the GSL Budget

One of the most dramatic impacts from this increase in GSL default dollar volume has been the steady rise in federal GSL spending for defaults since the late 1970s. Federal GSL costs are primarily driven by interest rates and by levels of defaults. Recent savings from lower interest rates have partially obscured the fact that total payments for GSL defaults have increased from approximately $235 million in federal fiscal year 1979 to almost $1.3 billion in 1986, a five-fold increase in seven years. During the same period of growth, collections on defaulted loans by guarantee agencies and the federal government have increased considerably, rising from $71 million in 1978 to almost $420 million in 1986. A further encouraging note concerning collections is that while the annual dollar amount entering default more than doubled between 1984 and 1986, collections on defaults during this period increased by almost 300 percent.

As a percent of overall GSL expenditures, default costs have increased from 22 percent in 1984 to 36 percent in 1986. This reflects both the decrease in interest subsidies and the dramatic increase in default costs.

The rising annual federal expenditure for GSL defaults not only results in potentially higher overall federal spending for the GSL program from year to year, but also may be considered a real "loss" in terms of federal student aid resources that might have been used for other, more constructive purposes. For example, one could argue that if the annual GSL default expenditure were half of what it actually had been in recent years, the $500-600 million annual "savings" could have been used for increases in Pell Grants, work-study, or other forms of federal student aid assistance. From another perspective, a future increase in interest rates without a dropoff in defaults could well siphon off funds from these other, needs-based programs to reimburse GSL entitlements.

Recent Actions

Since the mid-1970s, the federal government has paid increasing attention to the issue of defaults under the GSL and related student loan programs (specifically the Perkins Loan program). This attention has resulted in a long list of enhanced default prevention and collection actions, some of which have included:

- Legislative amendments in 1976 to encourage states to establish guarantee agencies to insure GSLs, in the belief that such agencies could control defaults better than the federally operated FISL program.
- Increased efforts on the part of the U.S. Department of Education to improve GSL default collections from borrowers, including the use of private collection agencies since the mid-1980s and the matching of federal employment records with those of GSL defaulters, followed by mandatory repayment steps.
- Additional pressure on student loan borrowers who default to repay, including report of the default to credit bureaus, and the possibility of wage garnishment, court suit, and reduction of federal-income tax refunds, if necessary.

The most recent legislative amendments to the GSL program, the Higher Education Amendments of 1986 (P.L. 99-498), continued this pattern of heightened attention to GSL defaults, in part, by providing guarantee agencies with new authority to enter into forbearance agreements with borrowers even after loans are declared in default, by providing authority for guarantee agencies to keep up to 30 percent of collections on defaulted loans once federal reinsurance has been paid, with the remaining 70 percent of collections to be sent to the federal government, and by encouraging states to garnish the wages of defaulters by allowing the retention of up to 35 percent of any such collections.

The higher education amendments also authorized Guarantee Agencies to "limited, suspend, or terminate" GSL eligibility for students attending institutions that violate federal GSL regulations. For example, one state has used this provision to limit GSL participation for students at high default institutions.

II. GSL CUMULATIVE DEFAULT DATA BY INSTITUTION

Part II provides an analysis of default rates by institution. As described earlier in this report, the data are based on the GSL records maintained by the U.S. Department of Education. These data reflect default status as of September 30, 1986, as reported by various guarantee agencies to the U.S. Department of Education. *All institutional default amounts and rates are cumulative amounts and do not reflect any collections subsequent to default.*

Table 3 provides a breakdown of the GSL postsecondary institutions by each of five categories, representing dollar volume of GSLs in default from 0 percent to 19.9 percent through 80 percent to 100 percent. About 60 percent (5,100) of the institutions had defaults rates of less than 20 percent. These institutions accounted for about 55 percent of all loans in default ($2.4 billion) and represent the entire spectrum of institutions of higher education in the United States. Within this group, about 2,800 had default rates of less than 10 percent. Institutions with default rates of less than 10 percent include (but are not limited to) divinity schools, medical schools, highly selective private and public colleges, and graduate schools.

TABLE 3
CUMULATIVE DEFAULT DOLLARS, 1986, BY NUMBER OF INSTITUTIONS
($ in thousands)

% OF LOAN VOLUME IN DEFAULT	NUMBER OF INSTITUTIONS	$ AMOUNT IN DEFAULT	% OF THE TOTAL $ IN DEFAULT	PERCENT IN DEFAULT
100-80%	232	$15,291	0.36%	0.36%
79.9-60%	195	103,604	2.41%	2.77%
59.9-40%	671	570,883	13.29%	16.05%
39.9-20%	2,087	1,224,792	28.51%	44.56%
19.9-0%	5,099	2,382,066	55.44%	100.00%
TOTAL	8,284	$4,296,636	100.00%	

On the other hand, nearly 40 percent (3,185) of the institutions had cumulative default rates of *20 percent or more.* About two-thirds of this latter group had defaults between 20 percent to 39.9 percent range, while the remaining third had default rates of at least 40 percent. In other words, *more than one in eight institutions* that have participated or are participating in the GSL program have default rates of at least 40 percent.

Table 4 examines the distribution of the GSL institutions by the average dollar amount of student loans in default. In general, institutions with high default rates tend to have smaller amounts of loans in repayment and default than do institutions with lower default rates. For example, institutions with rates of default of 80 percent or more have on average less than $66,000 in default.

TABLE 4
AVERAGE AMOUNT IN DEFAULT AND BORROWED BY NUMBER OF INSTITUTIONS
($ in thousands)

% OF LOAN VOLUME IN DEFAULT	NUMBER OF INSTITUTIONS	AVERAGE AMOUNT IN DEFAULT	AVERAGE AMOUNT IN REPAYMENT
100-80%	232	$ 66	$ 73
79.9-60%	195	531	759
59.9-40%	671	851	1,702
39.9-20%	2,087	587	1,956
19.9-0%	5,099	467	4,672

Institutional Analysis

Tables 5 and 6 examine more closely institutional patterns of GSL student loan default. Table 5 provides a breakdown of the GSL institutions, by the five categories of cumulative default percentage. Table 6 provides a similar categorization for the aggregate total of dollars in default by these institutions. Note that the total amount of dollars disbursed to students at a given school reflects both the type of school and the length of time its students have been receiving GSLs.

The data from Tables 5 and 6 can be analyzed in various ways. Several points seem clear:

- A relatively large number of schools – 3,245, or about 40 percent – have under $50,000 in loans in default, irrespective of their default rate category.
- A relatively small number of schools – 72 altogether – currently have default totals of $5 million or more, but with total default rates lower than 20 percent.
- An even smaller number of institutions have a combination of *both* a very high cumulative default rate *and* high default volume totals.

For example, thirty-four institutions had *both* a default rate of at least 60 percent *and* an aggregate default volume of at least $1 million, while another set of thirty-four institutions was found to have a default rate of at least 40 percent *and* aggregate default volume of $5 million or more. Both categories of institutions with high default rates and high default volume are listed in Tables 7 and 8.

TABLE 5
DISTRIBUTION OF SCHOOLS BY CUMULATIVE DEFAULT RATE

	DEFAULT RATE					
$ DISBURSED TO DEFAULTERS	100-80%	79.9-60%	59.9-40%	39.9-20%	19.9-0%	TOTAL
(in thousands)						
$ 0-49.9	214	103	238	633	2,057	3,245
50-99.9	6	9	61	262	645	983
100-249.9	4	24	91	315	756	1,190
250-499.9	3	14	67	275	612	971
500-749.9	1	11	41	163	277	493
750-999.9	2	3	26	105	206	342
1,000-4,999.9	2	29	116	300	474	921
5,000-9,999.9	0	2	26	26	53	107
>$10,000	0	1	5	8	19	33
TOTAL SCHOOLS	232	195	671	2,087	5,099	8,284

TABLE 6
DISTRIBUTION OF SCHOOLS BY CUMULATIVE DOLLARS IN DEFAULT
(dollars in thousands)

	DEFAULT RATE					
$ DISBURSED TO DEFAULTERS	100-80%	79.9-60%	59.9-40%	39.9-20%	19.9-0%	TOTAL
$ 0-49.9	$ 5,143	$ 2,473	$ 5,720	$ 15,212	$105,519	$134,069
50-99.9	433	649	4,398	18,889	46,488	70,857
100-249.9	673	4,037	15,308	52,990	127,135	200,143
250-499.9	1,081	5,047	24,152	99,131	220,778	350,189
500-749.9	601	6,609	24,633	97,930	166,625	296,396
750-999.9	1,682	2,523	21,869	88,317	173,012	287,403
1,000-4,999.9	5,678	57,408	245,787	538,939	898,109	1,745,921
5,000-9,999	0	14,016	160,005	171,137	364,087	709,245
>$10,000	0	10,839	69,012	142,248	280,313	502,413
TOTAL DOLLARS IN DEFAULT	$15,291	$103,604	$570,883	$1,224,792	$2,382,066	$4,296,636

When these institutions are analyzed by level and control, and when this analysis is complemented by an examination of the schools with the highest default rates in each state, several patterns emerge.

- Highly selective four-year public and private colleges and universities, and separate medical or graduate institutions generally had default rates of 10 percent or less. In some cases, however, such selective schools, because of their large sizes and longevity in the GSL program, had relatively large aggregate default volume, despite their very low default rates.

- Many public community colleges had mid-range (20 percent to 40 percent) default rates.

- A number of smaller, less selective public and private four-year institutions have default rates above 40 percent.

- At the other end of the spectrum, a different pattern emerges. Institutions with default rates of more than 60 percent primarily include proprietary career institutions.

- Within the proprietary sector, cosmetology schools within most states often have high concentrations of high default institutions. Also, several multi-state proprietary institutions were found to have consistently high default rates. On the other hand, some proprietary schools, including selected cosmetology schools, were also found to have default rates among the lowest in their respective states.

- FFIS identified 427 institutions with default rates greater than 60 percent. These institutions represented less than 5 percent of all participating institutions, and accounted for less than 3 percent of all loan defaults. On average, defaults at each of these institutions totaled less than $100,000.

- Of concern however, is that of the 427 institutions with default rates of more than 60 percent, 34 have defaults totaling in excess of $1 million each (See Table 7). Another group of 34 has default rates of more than 40 percent with more than $5 million each (See Table 8). For these institutions, GSLs appear to be more equivalent to grants, rather than loans, with one out of every two borrowers having entered default status. The federal government may want to address the issue of whether a loan program is appropriate for such schools.

- Finally, the various foreign schools participating in the GSL program deserve special attention. Of thirty-eight such institutions in foreign countries listed in the appendix, 50 percent -- nineteen schools -- had a default rate of 20 percent or more, while three schools were above 40 percent, including one school, the University Autonoma de Pueblo, at which the cumulative default rate was nearly 72 percent, with over $344,000 cumulative defaults. In total, foreign colleges accounted for almost $16 million in loan defaults.

TABLE 7. INSTITUTIONS WITH CUMULATIVE DEFAULT RATES AT LEAST 60% AND WITH $1 MILLION OR MORE IN CUMULATIVE DEFAULT VOLUME (THROUGH FY 1986)

STATE	INSTITUTION	CUMULATIVE $'S IN DEFAULT	% IN DEFAULT
Arizona	South Mountain Community College	$2,706,732	65.77%
California	Webster Career College	6,601,349	65.12%
California	Super Shapes College of Cosmetolog	1,161,971	
California	Los Medanos College	1,359,809	62.23%
Dist. of Col.	Dickinson Business School	1,502,897	73.38%
Dist. of Col.	Smith Business School	1,916,052	66.40%
Illinois	Debbie's School of Beauty Culture	4,074,992	72.93%
Illinois	META Business College	3,460,287	72.70%
Illinois	College of Automation	2,986,717	60.75%
Illinois	Electronics Technical Institute of Illinois, Inc.	1,557,359	65.32%
Kansas	Donnelly College	1,349,436	61.26%
Michigan	Cambridge Business School	4,243,498	85.98%
Michigan	Lewis Business College	1,543,930	79.73%
Michigan	Detroit Business Institute	3,482,613	63.19%
Michigan	Detroit Institute of Commerce	1,272,468	61.13%
Missouri	Benedict Business Institute	2,055,292	78.69%
Missouri	Ruesing University of Beauty	1,321,478	71.87%
New Jersey	Empire Technical School of New Jersey	2,568,926	63.83%
New Jersey	P.B. Method of Hair Design	1,709,695	61.33%
New York	New York School of Computer Technology	1,663,178	84.43%
New York	Roberts Schools, Inc.	1,110,161	78.33%
New York	Metropolital Career Institute	1,208,057	72.03%
New York	Midtown School of Business	1,608,723	66.06%
New York	Printing Trades School	3,041,953	65.29%
New York	Sawyer School of Business	2,406,872	62.42%
New York	Commercial Programming Unlimited	7,979,770	60.30%
North Carolina	Shaw University	1,298,583	65.18%
Oklahoma	Southwest Automotive School	2,234,128	60.68%
Oklahoma	Oklahoma College of Business Technology	2,960,010	45.03%
Pennsylvania	Career Educational Institute	2,689,796	78.56%
Pennsylvania	Welder Training and Testing Inst.	1,808,023	68.89%
Pennsylvania	Wilfred Academy 1/	1,382,064	64.31%
Pennsylvania	Cheyney University	11,276,146	63.10%
Pennsylvania	Wilfred Academy of Hair and Beauty Culture 1/	4,955,417	62.52%

1/ Separate locations

TABLE 8. INSTITUTIONS WITH CUMULATIVE DEFAULT RATES AT LEAST 40% AND WITH $5 MILLION OR MORE IN CUMULATIVE DEFAULT VOLUME (THROUGH FY 1986)

STATE	INSTITUTION	CUMULATIVE $'S IN DEFAULT	% IN DEFAULT
Arizona	Superior Training Services	$24,307,060	44.34%
California	Webster Career College	6,601,349	65.12%
California	South Bay College	6,696,843	55.53%
California	United College of Business	5,970,933	49.90%
Illinois	Cathrine College	5,148,007	56.29%
Maryland	Morgan State University	6,816,085	44.48%
Missouri	Vocational Training Center	5,137,903	40.14%
Nebraska	Metropolitan Area Technical Community College	5,845,808	49.95%
New Jersey	Essex College of Business	6,388,505	59.71%
New Jersey	Jersey City State College	5,031,482	41.91%
New York	Commercial Programming Unlimited	7,979,770	60.30%
New York	Berk Trades and Business School	10,316,202	57.19%
New York	Wilfred Academy of Hair and Beauty Culture 1/	7,163,493	55.37%
New York	CUNY Bronx Community College	5,668,171	54.55%
New York	Wilfred Academy of Hair and Beauty Culture 1/	5,584,004	52.85%
New York	Wilfred Academy of Hair and Beauty Culture 1/	6,741,136	51.81%
New York	Empire Technical School	6,865,992	49.73%
New York	Robert Fiance Hair Design Inst.	5,250,387	48.18%
New York	Albert Merrill School	5,986,038	47.50%
New York	PSI Institute	8,130,739	46.40%
New York	CUNY Borough of Manhattan Community College	7,162,273	44.63%
New York	CUNY New York City Technical College	7,417,980	44.05%
New York	Apex Technical School	10,584,228	42.74%
New York	Royal Business School	6,129,384	41.85%
New York	American Business Institute	13,928,731	41.15%
New York	CUNY John Jay College of Criminal Justice	6,106,759	40.71%
New York	CUNY City College	12,656,059	40.15%
Pennsylvania	Cheyney University	11,276,146	63.10%
Pennsylvania	PHC Career Institute-Philadelphia	9,061,731	53.57%
Pennsylvania	Philadelphia Community College	6,107,494	52.73%
Pennsylvania	Lincoln University	5,912,578	49.41%
Pennsylvania	Lyons Technical Institute	5,173,849	46.20%
Pennsylvania	AIRCO Technical Institute	9,931,128	54.06%
Wisconsin	Area VTAE District-Milwaukee	9,584,536	42.88%

1/ Separate locations

State-by-State Comparison

The report also provides summary state-by-state data on default rates by state agencies, and by the two national guarantors sorted by residence of the students. The appendix lists the dollar amount of defaults by school sorted by state. Within each state, loans are sorted by default rate from highest to lowest. In general, the state-by-state data support national findings, as follows:

- In most states, default rates of the national guarantors are higher than the rates for state agencies. However, the relationship is not consistent across all states. Further research will be necessary to determine the causes of the differential rates.
- Multi-state chains of cosmetology and business schools have default rates significantly higher than average.
- In almost every state, beauty academies and other schools of cosmetology have the highest default rates. Other types of institutions within each state with high default rates are community colleges, business schools, and other vocational-technical institutions.
- By comparison, in almost every state there is a group of institutions with very low default rates (less than 10 percent). In general, institutions with very low default rates that have perceived patterns of good employment opportunities, e.g. medical, law, and other graduate schools, and the more selective four-year public and private institutions.
- High levels of defaults are not limited to two-year community and proprietary institutions. In general, less selective four-year public and private colleges have high rates of loan defaults.

Default Rates By Type of Institution

At this point in the analysis of the data base, FFIS has been able to identify the level (two-year, four-year, etc.) and control (public, private non-profit, etc.) of less than half of the institutions listed on the data file. The identified institutions primarily represented four-year public and private institutions, while the unidentified institutions primarily represented community colleges, vocational-technical institutions, and proprietary career schools. The approximate average default rate for the four-year institutions was about 10 percent, while the average default rate for the other institutions was about 17 percent.

The Role of Multi-State Guarantee Agencies

Guarantee agencies are operated as units of state government in twenty-five states and Puerto Rico, as quasi-public corporations in eighteen states, and as part of one of two national non-profit corporations in the other seven states and the District of Columbia. The Higher Education Assistance Foundation (HEAF) operates guarantee agency loan programs in the District of Columbia, Kansas, Minnesota, Nebraska, West Virginia, and Wyoming. The United Student Aid Funds (USAF) operates guarantee agencies in Arizona and Hawaii.

Unlike most state programs, both USAF and HEAF actively market GSLs to students regardless of their state of residence. In some cases these activities have been necessary to ensure that all students have access to a program lender, e.g., HEAF established a program several years ago to assure access to GSLs for students attending historically black colleges. In other cases however, it appears that their activities are being used to supplant rather than supplement state agency function; e.g., HEAF has also established a program targeted to law students, generally considered "low risk" students.

Tables 9 and 10 list loan volume in repayment and in default by state resident for loans guaranteed by HEAF and USAF. Table compares the default rate by state agency with loans guaranteed by HEAF and USAF. In general, the rates for the HEAF and USAF loans are higher than for those guaranteed by state agencies, though the relationship is not consistent across all states. Possible explanations for the higher default rates include:

o HEAF and USAF have targeted their activities and are more concentrated on "high-risk" students e.g., students attending cosmetology and other high default institutions, than are loans made by state agency.

0 HEAF and USAF tend to serve a less advantaged population.

o National or multi-state programs are further from the location of the defaulter and therefore are less likely to be able to collect on loan defaults.

TABLE 9 CUMULATIVE GSL'S INSURED BY USAF FOR STATE RESIDENTS (THROUGH FY 1986)

STATE	$ AMOUNT GUARANTEED	$ AMOUNT NOT IN-SCHOOL	$ AMOUNT IN DEFAULT	% IN DEFAULT
ALABAMA	$26,755,365	$9,320,379	$864,294	9.27%
ALASKA	1,726,677	641,980	94,358	14.70%
ARKANSAS	13,198,631	6,022,175	690,173	11.46%
ARIZONA	365,813,153	187,320,151	54,009,790	28.83%
CALIFORNIA	115,191,954	57,469,955	9,829,707	17.10%
COLORADO	21,353,131	11,497,604	1,724,180	15.00%
CONNECTICUT	12,882,374	5,643,248	295,719	5.24%
DIST. OF COL.	5,444,228	2,060,038	305,388	14.82%
DELAWARE	5,088,415	2,480,017	740,912	29.88%
FLORIDA	42,523,706	21,208,895	2,759,394	13.01%
GEORGIA	38,734,493	16,479,266	2,505,099	15.20%
HAWAII	104,102,862	52,653,621	6,899,737	13.10%
IOWA	4,931,207	2,710,519	335,724	12.39%
IDAHO	14,798,010	6,223,173	1,271,975	20.44%
ILLINOIS	54,473,032	28,956,837	4,371,253	15.10%
INDIANA	55,700,887	25,941,188	3,469,350	13.37%
KANSAS	9,016,219	4,891,818	422,265	8.63%
KENTUCKY	22,011,425	8,866,545	891,097	10.05%
LOUISIANA	39,556,047	10,400,465	2,031,587	19.53%
MASSACHUSETTS	27,405,048	15,082,336	663,944	4.40%
MARYLAND	19,604,613	10,424,603	840,559	8.06%
MAINE	3,050,662	1,714,966	105,813	6.17%
MICHIGAN	59,238,651	29,507,084	4,561,194	15.46%
MINNESOTA	9,980,727	6,371,889	482,202	7.57%
MISSOURI	44,135,013	22,913,332	3,239,250	14.14%
MISSISSIPPI	10,894,808	4,821,073	464,079	9.63%
MONTANA	4,775,508	2,332,402	395,981	16.98%
NORTH CAROLINA	40,246,616	22,599,238	1,502,027	6.65%
NORTH DAKOTA	1,540,000	707,128	70,290	9.94%
NEBRASKA	5,144,618	2,856,945	383,939	13.44%
NEW HAMPSHIRE	5,011,962	2,598,125	173,765	6.69%
NEW JERSEY	41,462,794	18,968,001	1,427,561	7.53%
NEW MEXICO	17,971,499	11,425,853	2,760,914	24.16%
NEVADA	6,237,652	3,291,680	816,522	24.81%
NEW YORK	48,633,007	23,604,492	1,556,534	6.59%
OHIO	89,000,948	38,320,558	4,653,417	12.14%
OKLAHOMA	27,599,957	10,312,371	1,559,192	15.12%
OREGON	32,746,088	9,597,164	2,332,348	24.31%
PENNSYLVANIA	41,782,873	20,105,729	750,365	3.73%
PUERTO RICO	4,033,656	889,797	117,938	13.25%
RHODE ISLAND	2,506,870	1,180,784	55,500	4.70%
SOUTH CAROLINA	31,161,237	13,122,632	1,440,081	10.97%
SOUTH DAKOTA	2,420,971	1,143,229	82,897	7.25%
TENNESSEE	13,276,387	7,398,342	1,166,493	15.77%
TEXAS	68,659,997	38,923,948	5,825,486	14.96%
UTAH	5,405,797	2,248,569	274,560	12.21%
VIRGINIA	40,016,385	17,663,502	951,859	5.39%
VERMONT	1,778,604	826,052	49,104	5.94%
WASHINGTON	30,499,215	14,006,146	2,485,549	17.75%
WISCONSIN	8,095,754	4,005,343	349,064	8.71%
WEST VIRGINIA	7,414,819	4,056,389	390,340	9.62%
WYOMING	2,586,589	1,172,268	115,738	9.88%
TERRITORIES	7,331,040	2,356,787	702,343	29.80%
TOTAL	$1,714,952,181	$827,342,631	$136,259,400	16.47%

TABLE 10 CUMULATIVE GSL'S INSURED BY HEAF FOR STATE RESIDENTS (THROUGH FY 1986)

STATE	$ AMOUNT GUARANTEED	$ AMOUNT NOT IN-SCHOOL	$ AMOUNT IN DEFAULT	% IN DEFAULT
ALABAMA	$58,761,648	$19,708,148	$3,410,994	17.31%
ALASKA	1,692,141	1,036,504	126,136	12.17%
ARKANSAS	38,431,779	13,580,648	2,466,161	18.16%
ARIZONA	86,690,881	42,653,272	6,798,451	15.94%
CALIFORNIA	220,536,889	61,302,470	4,645,124	7.58%
COLORADO	43,460,085	24,974,660	3,548,572	14.21%
CONNECTICUT	10,381,095	4,004,055	228,760	5.71%
DIST. OF COL.	132,737,607	79,545,808	22,299,599	28.03%
DELAWARE	4,173,661	1,003,774	81,126	8.08%
FLORIDA	92,084,401	30,719,037	5,099,324	16.60%
GEORGIA	86,761,210	28,857,075	4,378,923	15.17%
HAWAII	2,642,917	1,004,440	86,665	8.63%
IOWA	132,079,339	55,957,099	8,993,017	16.07%
IDAHO	5,834,017	2,324,138	210,921	9.08%
ILLINOIS	127,526,306	43,427,749	7,005,584	16.13%
INDIANA	43,315,626	15,787,527	1,934,552	12.25%
KANSAS	465,839,097	248,411,594	37,179,040	14.97%
KENTUCKY	40,055,864	12,661,208	2,094,476	16.54%
LOUISIANA	119,901,617	30,989,871	4,830,309	15.59%
MASSACHUSETTS	17,773,368	6,852,861	414,936	6.05%
MARYLAND	81,656,677	36,720,210	6,364,373	17.33%
MAINE	2,186,944	799,215	65,310	8.17%
MICHIGAN	62,801,835	14,651,562	1,546,601	10.56%
MINNESOTA	1,141,033,178	647,916,400	61,898,351	9.55%
MISSOURI	97,867,626	50,961,586	10,459,431	20.52%
MISSISSIPPI	33,797,455	9,873,159	1,328,765	13.46%
MONTANA	6,007,556	3,126,923	255,972	8.19%
NORTH CAROLINA	53,445,886	18,115,035	2,280,246	12.59%
NORTH DAKOTA	12,574,581	5,932,011	412,001	6.95%
NEBRASKA	373,644,378	190,421,521	24,361,828	12.79%
NEW HAMPSHIRE	2,135,615	790,997	50,926	6.44%
NEW JERSEY	60,571,268	13,797,488	1,505,677	10.91%
NEW MEXICO	12,028,251	4,509,077	440,604	9.77%
NEVADA	7,158,706	2,387,062	246,702	10.33%
NEW YORK	205,747,864	54,271,985	3,314,505	6.11%
OHIO	148,678,648	47,489,328	9,753,399	20.54%
OKLAHOMA	51,779,092	22,652,211	5,258,410	23.21%
OREGON	21,024,594	7,184,317	488,888	6.80%
PENNSYLVANIA	50,948,585	14,460,221	1,386,367	9.59%
PUERTO RICO	4,490,012	931,060	68,125	7.32%
RHODE ISLAND	3,600,817	1,103,095	58,446	5.30%
SOUTH CAROLINA	64,776,765	19,373,321	2,283,496	11.79%
SOUTH DAKOTA	8,680,384	4,843,040	430,521	8.89%
TENNESSEE	99,624,577	37,646,006	8,362,384	22.21%
TEXAS	161,497,986	66,704,319	7,339,067	11.00%
UTAH	6,931,702	2,767,466	216,309	7.82%
VIRGINIA	77,774,314	34,475,691	3,397,056	9.85%
VERMONT	1,548,530	672,798	80,395	11.95%
WASHINGTON	23,560,026	9,368,827	723,148	7.72%
WISCONSIN	28,043,260	15,449,402	1,234,353	7.99%
WEST VIRGINIA	225,150,853	110,893,896	18,311,517	16.51%
WYOMING	46,325,737	22,300,367	1,566,381	7.02%
TERRITORIES	1,731,437	360,227	34,010	9.44%
TOTAL	$4,909,504,687	$2,197,751,741	$291,356,234	13.26%

TABLE 11 COMPARISON OF CUMULATIVE DEFAULT RATES AGENCIES VS. HEAF/USAF RATE .

FOR STATE RESIDENTS THROUGH FY 1986 ($'S IN THOUSANDS)

STATE	DEFAULTS AGENCY	DEFAULT RATE AGENCY	DEFAULT RATE HEAF	DEFAULT RATE USAF
ALABAMA	$14,990	11.60%	17.31%	9.27%
ALASKA	480	2.50%	12.17%	14.70%
ARKANSAS	6,023	4.50%	18.16%	11.46%
ARIZONA 1/	69,763	21.90%	15.94%	28.83%
CALIFORNIA	439,830	18.70%	7.58%	17.10%
COLORADO	27,955	8.00%	14.21%	15.00%
CONNECTICUT	137,139	10.40%	5.71%	5.24%
DIST. OF COL. 1/	38,549	21.00%	28.03%	14.82%
DELAWARE	5,234	4.90%	8.08%	29.88%
FLORIDA	98,584	13.70%	16.60%	13.01%
GEORGIA	37,809	9.90%	15.17%	15.20%
HAWAII 1/	7,282	10.70%	8.63%	13.10%
IOWA	29,245	6.40%	16.07%	12.39%
IDAHO	10,681	14.70%	9.08%	20.44%
ILLINOIS	264,215	14.50%	16.13%	15.10%
INDIANA	23,058	4.30%	12.25%	13.37%
KANSAS 1/	76,076	16.90%	14.97%	8.63%
KENTUCKY	25,429	8.90%	16.54%	10.05%
LOUISIANA	41,786	13.30%	15.59%	19.53%
MASSACHUSETTS	173,339	9.90%	6.05%	4.40%
MARYLAND	70,641	12.50%	17.33%	8.06%
MAINE	21,780	8.50%	8.17%	6.17%
MICHIGAN	152,124	12.50%	10.56%	15.46%
MINNESOTA 1/	103,729	11.00%	9.55%	7.57%
MISSOURI	57,208	12.40%	20.52%	14.14%
MISSISSIPPI	9,874	13.50%	13.46%	9.63%
MONTANA	5,560	7.30%	8.19%	16.98%
NORTH CAROLINA	17,193	7.40%	12.59%	6.65%
NORTH DAKOTA	5,254	8.90%	6.95%	9.94%
NEBRASKA	36,754	13.00%	12.79%	13.44%
NEW HAMPSHIRE	12,131	8.00%	6.44%	6.69%
NEW JERSEY	263,261	13.10%	10.91%	7.53%
NEW MEXICO	5,094	6.20%	9.77%	24.16%
NEVADA	9,673	14.20%	10.33%	24.81%
NEW YORK	925,431	13.80%	6.11%	6.59%
OHIO	51,875	3.40%	20.54%	12.14%
OKLAHOMA	27,428	13.60%	23.21%	15.12%
OREGON	24,288	7.40%	6.80%	24.31%
PENNSYLVANIA	478,957	13.40%	9.59%	3.73%
PUERTO RICO	3,539	5.30%	7.32%	13.25%
RHODE ISLAND	23,483	9.30%	5.30%	4.70%
SOUTH CAROLINA	1,445	3.10%	11.79%	10.97%
SOUTH DAKOTA	12,214	5.90%	8.89%	7.25%
TENNESSEE	22,277	5.70%	22.21%	15.77%
TEXAS	58,640	10.00%	11.00%	14.96%
UTAH	19,434	10.00%	7.82%	12.21%
VIRGINIA	53,336	7.80%	9.85%	5.39%
VERMONT	7,866	6.10%	11.95%	5.94%
WASHINGTON	33,484	11.20%	7.72%	17.75%
WISCONSIN	142,111	12.40%	7.99%	8.71%
WEST VIRGINIA 1/	29,239	14.20%	16.51%	9.62%
WYOMING 1/	2,916	7.70%	7.02%	9.88%
HEAF NATIONAL	73,932	15.70%	N/A	N/A
USAF NATIONAL	91,885	9.20%	N/A	N/A
TOTAL	$4,381,523	12.10%	13.26%	16.47%

1/ PROGRAMS OPERATED BY HEAF OR USAF

Conclusion

The 1986 guarantee agency default data for the GSL student loan program clearly indicates a broad range of institutional patterns of borrower repayment. Some institutions – public, private, or proprietary – have very good borrower repayment patterns and low default rates. Other institutions, among all three categories, have incredibly high default rates and rapidly increasing default volume.

Why these broad differences in loan repayment rates among institutions and guarantee agencies? Student borrowers have the contractual responsibility to repay their GSLs, and the guarantee agencies have the responsibility to facilitate and encourage that repayment. This analysis poses the following questions: Do the actions of postsecondary institutions themselves affect students' repayment patterns, and should they be held accountable? What role do the lenders and guarantee agencies play with respect to aiding postsecondary schools in the attempt to decrease student loan defaults? And finally, are there legitimate federal and state policy implications for the continued participation of specific postsecondary schools in the GSL program if those schools have consistently high default rates?

Other Areas Of Study

FFIS intends to continue its development and analysis of the data base. Further analysis might include:

- A coding and disaggregation by type of school;
- An evaluation of default levels by student income;
- An evaluation of the influence of different lenders and type of lenders; and
- A normative discussion of the value of default rates among other criteria in evaluating the success of the GSL program.

APPENDIX

This appendix provides listings of schools with fifteen or more defaulted GSLs. The schools are listed by state (including the District of Columbia, Puerto Rico, the territories, and foreign colleges), and then ranked within each state in order of default rates, highest to lowest. Foreign college defaults are listed last.

States are alphabetized by two-digit acronym.

The four columns in the appendix tables are described as follows:

1. **Name of Institution.**
2. **Total Dollars Disbursed to Defaulters.** This includes all dollars at one time considered in default.
3. **Total Dollars not in School.** This includes all dollars that have ever entered repayment status.
4. **Dollars in Default Over Dollars not-in-School.** This is the "gross" default rate, as defined in the paper above.

The data used in this report are derived from reports provided to the U.S. Department of Education by state and private student loan guarantee agencies on loans made as of September 30, 1986. FFIS checks of the data accuracy and completeness in general show these compilations to be comparable to other published GSL data. However, it seems clear that the data for at least one state (Louisiana) are incomplete.

SCHSTATE=ALASKA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ALASKA BUSINESS COLLEGE INC	143071	742180	19.28
ANCHORAGE CC	108914	674174	16.16
ALASKA PACIFIC UNIVERSITY	37752	350696	10.76
ALASKA FAIRBANKS, U	228426	2202533	10.37
ALASKA ANCHORAGE, UNIV OF	71250	719820	9.90
ANCHORAGE COMMUNITY COLLEGE	47222	521671	9.05

SCHSTATE=ALABAMA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
OAKWOOD COLLEGE	2293287	6056622	37.86
MILES COLLEGE	170196	480182	35.44
CHRIS BEAUTY SCHOOL	76300	227105	33.62
ST BERNARD COLLEGE	79940	241347	33.12
NEW WORLD COLLEGE OF BUSINESS	573607	1732627	33.11
TALLADEGA COLLEGE	354236	1081294	32.76
DEBBIE'S ALABAMA BEAUTY COLLEGE	187462	580051	32.32
LAWSON STATE CMTY COLLEGE	528230	1638773	32.23
TWENTIETH CENTURY COLLEGE	507083	1587219	31.95
BIRMINGHAM COLLEGE OF ALLIED HEALTH	297228	943866	31.49
S. D. BISHOP ST JC	285623	910610	31.37
ALABAMA STATE UNIVERSITY	1181807	3908363	30.24
TRENHOLM ST TECH COL	258022	926510	27.85
BOOKER T WASHINGTON BUS C	29585	107987	27.40
STILLMAN COLLEGE	197442	740644	26.66
BESSEMER ST TECH COL	309251	1175616	26.31
CARVER STATE TECH TRADE SCHOOL	133900	533172	25.13
JOHN C CALHOUN ST CC	256900	1057937	24.29
SOUTHERN VOCATIONAL COLLEGE	46443	194712	23.85
COASTAL TRAINING INSTITUTE	1535711	6908608	22.23
ALABAMA CHRISTIAN COLLEGE	355721	1621543	21.94
TUSKEGEE INSTITUTE	2611324	12267333	21.29
ALABAMA A & M UNIVERSITY	971813	4778558	20.34
NATIONAL CAREER COLLEGE	357291	1803779	19.81
GEORGE CORELY WALLACE ST CMTY COL	94320	477482	19.76
SOUTHERN JC OF BUSINESS	872985	4662368	18.72
SOUTHWEST ST TECH COL	61038	331187	18.43
HERZING INSTITUTES OF ALABAMA	371515	2017668	18.41
ALA AVN AND TECH COLLEGE	201032	1116801	18.00
GADSDEN BUSINESS COLLEGE	128372	731690	17.54
TROY STATE U MONTGOMERY	383434	2190905	17.50
JEFFERSON DAVIS STATE JC	81300	464636	17.50
REID STATE TECHNICAL C	55200	319999	17.25
J F DRAKE ST TECH	26963	157708	17.10
FAULKNER STATE JR COLLEGE	54764	345053	15.87
SHELTON ST CMTY COLLEGE	329739	2162756	15.25
WALKER STATE TECH C	61936	438011	14.14
NORTH ALABAMA COLLEGE OF COMMERCE	66043	486637	13.57
GEO C WALLACE ST CC-DOTHAN	147075	1107747	13.28
SOUTHERN TECHNICAL COLLEGE	216964	1683571	12.89
DRAUGHONS JUNIOR COLLEGE	135629	1079710	12.56
JEFFERSON ST JR COLLEGE	214867	1779157	12.08
GEO C WALLACE ST CC-HANCE	176482	1584012	11.14
GADSDEN STATE JR COLLEGE	83247	748943	11.12
CHATTAHOOCHEE VALLEY CC	37702	341518	11.04
LIVINGSTON UNIVERSITY	225320	2092792	10.77
AUBURN U AT MONTGOMERY	481540	4499022	10.70
ATHENS STATE COLLEGE	110600	1042861	10.61
SOUTH ALABAMA,U OF	1008057	9707812	10.38
MOBILE COLLEGE	168029	1670106	10.06
WALKER COLLEGE	50825	529553	9.60
NATIONAL EDUC CTR-NAT INST OF TECH	119062	1292344	9.21

SCHSTATE=ALABAMA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
TROY STATE UNIV MAIN CAM	601363	6720905	8.95
JUDSON COLLEGE	67207	770688	8.72
SPRING HILL COLLEGE	183499	2110675	8.69
ALABAMA IN HUNTSVILLE,U	229598	2978475	7.71
ALABAMA AT BIRMINGHAM,U	958025	13124456	7.30
RILEY BUSINESS COLLEGE	59592	906178	6.58
BIRMINGHAM STHN COLLEGE	137645	2252366	6.11
ALABAMA, THE UNIV OF	1296872	21850026	5.94
R.E.TWS. ELECTRONIC INST	147685	2633489	5.61
JACKSONVILLE ST UNIV	386635	6947990	5.56
NORTH ALABAMA, UNIV OF	258827	5063616	5.11
SAMFORD UNIVERSITY	581531	12997177	4.47
MONTEVALLO, UNIVERSITY OF	92869	2595681	3.58
AUBURN UNIV MAIN CAMPUS	721949	27414284	2.63

SCHSTATE=ARKANSAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
SOUTHERN BAPTIST COLLEGE	127571	494763	25.78
CAPITAL CITY BUSINESS COLLEGE	549055	2143840	25.61
PHILANDER SMITH COLLEGE	120476	471296	25.56
CAPITOL CITY JUNIOR COLLEGE	542210	2297390	23.60
ARKANSAS PARAMEDICAL INSTITUTE	86100	373902	23.03
AMERICAN COLLEGE	1857316	12842966	14.46
MISS CO CMTY COLLEGE	73330	508951	14.41
ARKANSAS PINE BLUFF,U OF	242583	2605436	9.31
JOHN BROWN UNIVERSITY	150635	2043776	7.37
OZARKS,COLLEGE OF THE	39076	567419	6.89
OUACHITA BAPT UNIVERSITY	139778	2477888	5.64
ARKANSAS COLLEGE	63367	1205688	5.26
HARDING COLLEGE MAIN CAMPUS	667622	13028016	5.12
STHN ARK U MAIN CAMPUS	34670	1259083	2.75
HENDERSON ST UNIVERSITY	50851	2125315	2.39
ARKANSAS STATE U MAIN CAM	231017	11515717	2.01
ARKANSAS MAIN CAMPUS,U OF	517803	26707835	1.94
ARK AT LITTLE ROCK,U OF	113318	8679268	1.31
CENTRAL ARKANSAS,U OF	52753	8272524	0.64

SCHSTATE=ARIZONA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
UNITED ACADEMY OF BEAUTY	86192	122392	70.42
SOUTH MOUNTAIN COMMUNITY COLLEGE	2706732	4115258	65.77
GANADO,COLLEGE OF	89613	151317	59.22
ABC WELDING SCHOOL	1342425	2534998	52.96
ADVANCED BEAUTY COLLEGE - NORTH	252239	481168	52.42
ADVANCED BEAUTY COLLEGE - EAST	412231	809296	50.94
BAILIE SCHOOL OF BROADCAST	337801	672884	50.20
ARIZONA ACADEMY OF BEAUTY SOUTH	228150	466080	48.95
PHOENIX TECHNICAL & TRADE SCHOOLS	1125253	2307545	48.76
RIO SALADO COMMUNITY COLLEGE	864608	1790427	48.29
SOUTHWESTERN INSTITUTE-HOME STUDY	34990	74100	47.22
LAVONNES CLASSIC BTY COL-THOMAS	57982	123665	46.89
ARIZONA ACADEMY OF BEAUTY NORTH	197318	428508	46.05
EUROPEAN BEAUTY CULTURE COLLEGE	164349	358718	45.82
SUPERIOR TRAINING SERVICES	24307060	54822500	44.34
MARICOPA TECH CC	1034927	2343424	44.16
PHOENIX COLLEGE	2561256	5802752	44.14
DEVUE COLLEGE OF BEAUTY	108426	247358	43.83
LAVONNES CLASSIC BTY COL-CAMELBACK	42300	97262	43.49
CENTRAL ARIZONA COLLEGE	244476	564461	43.31
MARICOPA BEAUTY COLLEGE	74175	171784	43.18
ARIZONA ACADEMY OF BEAUTY	138684	321209	43.18
TUCSON COLLEGE OF BUSINESS	2995770	6999378	42.80
CHAPARRAL CAREER COLLEGE	1511277	3601234	41.97
ABC TECHNICAL & TRADE SCHOOLS	2162079	5164061	41.87
REFRIGERATION SCHOOL THE	1779232	4311518	41.27
LAVONNES CLASSIC BTY COL-TEMPE	276065	669444	41.24
ALLURE CAREER COLLEGE OF BEAUTY	327413	812521	40.30
ARIZONA INSTITUTE OF BUS & TECH	235587	602545	39.10
GLENDALE CMTY COLLEGE	988807	2531035	39.07
INTERNATIONAL ACAD OF HAIR DESIGN	59932	156084	38.40
SOUTHWESTERN MEDICAL SOCIETY ACAD	905441	2365615	38.28
ARIZONA COL OF MED & DENTAL CAREERS	248243	651773	38.09
ACADEMY OF DRAFTING	80000	211967	37.74
ADELPHI BUSINESS COLLEGE	9145543	24294851	37.64
PHOENIX ACADEMY OF BEAUTY	173761	465357	37.34
AESTHETICS UNLIMITED-SALON PREP SCH	136316	373057	36.54
LAMSON COLLEGES	2189687	6038964	36.26
EASTERN ARIZONA COLLEGE	290873	822520	35.36
INST OF MEDICAL-DENTAL TECH OF MESA	187727	534614	35.11
PIMA COMMUNITY COLLEGE	2380148	6874199	34.62
SCOTTSDALE CMTY COLLEGE	554824	1620599	34.24
MOUNTAIN STATES TECHNICAL INSTITUTE	2243885	6725092	33.37
ALLURE CAREER COLLEGE OF BEAUTY	179978	541154	33.26
LAVONNES CLASSIC BTY COL-MESA	86979	263012	33.07
ADVANCED BEAUTY COLLEGE	86500	263770	32.79
ARIZONA WESTERN COLLEGE	280922	861992	32.59
CLINTON TECH INST MOTORCYCLE MECHAN	786895	2420657	32.51
PHOENIX ACADEMY OF BEAUTY-GLENDALE	97175	300188	32.37
LAMSON BUSINESS COLLEGE	563875	1765146	31.94
ARIZONA CAREER COLLEGE	376935	1184699	31.82
LONG MEDICAL INSTITUTE	537550	1793555	29.97

SCHSTATE=ARIZONA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
EARL'S ACADEMY OF BEAUTY	119577	399072	29.96
APOLLO COLLEGE OF MED/DENT CAREERS	2186220	7530537	29.03
MESA COMMUNITY COLLEGE	1430858	5029441	28.45
COCHISE COLLEGE	634308	2269965	27.94
ROYAL COLLEGE OF BEAUTY	143479	515357	27.84
HEALTH CAREERS INSTITUTE	341260	1230672	27.73
AMERICAN TRICHOLOGY INSITUTE	64838	234318	27.67
AL COLLINS GRAPHIC DESIGN SCH, LTD	384550	1394066	27.58
MOHAVE COMMUNITY COLLEGE	72122	267746	26.94
ITT TECHNICAL INSTITUTE	2101583	8089777	25.98
BIOSYSTEMS INSTITUTE	1037508	4075694	25.46
UNIVERSAL TECHNICAL INSTITUTE	5107629	20323849	25.13
WESTERN INTERNATIONAL UNIVERSITY	270950	1094408	24.76
NATL EDUCATION CENTER-BRYMAN CAMPUS	472021	1917094	24.62
NORTH AMERICAN COLLEGE OF PHOENIX	319013	1330031	23.99
NATIONAL ED CENTER ARIZ AUTOMOTIVE INST	2794997	11667653	23.96
PLAZA THREE ACADEMY	1076614	4553538	23.64
ARIZONA ACAD OF MED/DENT ASSISTANTS	57035	247450	23.05
YAVAPAI COLLEGE	242258	1103086	21.96
PIMA MEDICAL INSTITUTE	389371	1874535	20.77
PHOENIX INSTITUTE OF TECHNOLOGY	1498736	7499287	19.99
PRESCOTT COLLEGE	110884	562035	19.73
HIGH-TECH INSTITUTE	50000	253529	19.72
INTERNATIONAL ACAD OF HAIR DESIGN	68000	381653	17.82
DEVRY INST OF TECHNOLOGY	5453462	31532131	17.29
GRAND CANYON COLLEGE	581542	3930458	14.80
ARIZONA,UNIVERSITY OF	5199880	46292873	11.23
ARIZONA STATE UNIVERSITY	6859525	62170942	11.03
NORTHERN ARIZ UNIVERSITY	1335585	12582083	10.61
EMBRY RIDDLE AERONAUTICAL UNIV	68000	669237	10.16
UNIVERSITY OF PHOENIX	512428	8384849	6.11
AMER GRAD SCH OF MGMT	1434233	24763236	5.79

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SUPER SHAPES COLLEGE OF COSMETOLOGY	1161971	1537921	75,55
COMPTON BEAUTY COLLEGE	247250	348000	71,05
LAKEWOOD BEAUTY COLLEGE	73465	104415	70,36
DELUUX SCHOOL OF COSMETOLOGY	94184	134744	69,90
RICHARD'S BEAUTY COLLEGE	163853	237675	68,94
WEBSTER CAREER COLLEGE	6601340	10137832	65,12
MARINELLO SCHOOL OF BEAUTY	103043	162261	63,50
DALENAS COLLEGE OF BEAUTY #3	519147	818435	63,43
LOS MEDANOS COLLEGE	1359809	2185100	62,23
PARIS BEAUTY COLLEGE	185132	298701	61,98
SIERRA COLLEGE OF BEAUTY	110750	179650	61,65
UNIVERSAL COLLEGE OF BEAUTY	761990	1282840	59,40
ELEGANTE SCHOOL OF HAIR DESIGN	61050	102850	59,36
PACIFIC BEAUTY COLLEGE #3	49950	84220	59,31
RICHARD'S BEAUTY COLLEGE	141213	238480	59,21
INTERNATIONAL CAREER ACADEMY	353535	600210	58,90
DALENAS COLLEGE OF BEAUTY #2	268802	457752	58,72
LOS ANG SOUTHWEST COLLEGE	1144290	1973342	57,99
OAKLAND COL OF DENT & MED ASSTS	545465	944048	57,78
JOSEPH'S SCHOOL OF HAIR DESIGN	40900	71450	57,24
NEWBERRY SCHOOL OF BEAUTY	482606	846023	57,04
LONG BEACH COLLEGE OF BUSINESS	805920	1417506	56,85
SOUTH BAY COLLEGE	6696843	12060717	55,53
COMPTON CMTY COLLEGE	800465	1445139	55,39
IMPERIAL VALLEY COLLEGE	224303	408455	54,91
INSTITUTE OF COSMETOLOGY AT OAKLAND	857807	1564718	54,82
COLLEGE OF ALAMEDA PERALTA CC	1366143	2494239	54,77
BAUDER COLLEGE SPEC IN CAREER EDUC	1246590	2291120	54,41
LYLE'S MADERA COLLEGE OF BEAUTY	64706	119706	54,05
NORTH WEST COL OF MED & DENT ASST	533760	1004232	53,15
FLAVIO TORRANCE BEAUTY COLLEGE	635853	1204601	52,79
ELEGANTE SCHOOL OF HAIR DESIGN	85000	161933	52,49
CALIFORNIA PACIFIC COLLEGE	169901	326351	52,06
MEDICAL TRAINING INSTITUTE	748550	1439277	52,01
HAIRMASTERS UNIVERSITY OF BEAUTY	58700	113300	51,81
LYLES TULARE COLLEGE OF BEAUTY	122500	236645	51,77
DALENA'S COLLEGE OF BEAUTY	336000	651171	51,60
BAILIE SCHOOL OF BROADCAST	392390	763221	51,41
SAN GORGONIO BEAUTY COLLEGE	73500	143100	51,36
LEIMERT PARK BEAUTY COLLEGE	634881	1236075	51,36
NORTH PARK BEAUTY COLLEGE	229737	447582	51,33
AUTO BODY INSTITUTE	155697	303447	51,31
ELECTRONIC TECHNICAL INSTITUTE	160675	314664	51,06
RICHARD'S BEAUTY COLLEGE	94387	186687	50,56
VALLEY VOCATIONAL CENTER	96678	192423	50,24
CALIFORNIA HAIR DESIGN ACADEMY	226622	452759	50,05
UNITED COLLEGE OF BUSINESS	5970933	11966034	49,90
FAIRFIELD BEAUTY ACADEMY	130874	262767	49,81
POLYTECHNICAL INSTITUTE	1645134	3336009	49,31
AMER COL OF PARAMED ARTS & SCIENCES	137400	278650	49,31
NEWBERRY SCHOOL OF BEAUTY	243935	494781	49,30
MILPITAS BEAUTY COLLEGE	47500	97500	48,72

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PACIFIC COAST COLLEGE	310600	641550	48,41
CALIF PARAMEDICAL & TECHNICAL COL	2061458	4261394	48,38
SAN DIEGO CITY COLLEGE	3794856	7867719	48,23
ITT TECHNICAL INSTITUTE	1379403	2869442	48,07
PACIFIC BEAUTY COLLEGE #2	75000	156400	47,95
AHC COLLEGES	460796	961602	47,92
KENNETH'S COLLEGE OF HAIRSTYLING	85824	179824	47,73
SACRAMENTO BEAUTY COLLEGE	179200	377447	47,48
MODERN BEAUTY ACADEMY	69660	147540	47,21
SAN DIEGO TECHNICAL INSTITUTE	1791845	3808606	47,05
SOUTHLAND COL OF MED-DENT-LEGAL	2416830	5154552	46,89
MERCED COLLEGE	1433480	3061993	46,82
ESTELLE HARMAN ACTOR'S WORKSHOP	93972	203072	46,28
AMS COLLEGE, HOME STUDY DIVISION	475817	1033724	46,03
AIRCO TECHNICAL INSTITUTE	3303235	7199055	45,88
LEPANTE BEAUTY COLLEGE	264586	579027	45,69
CASA LOMA COLLEGE	394287	863311	45,67
RICHARD'S BEAUTY COLLEGE	92310	202656	45,55
DICKINSON-WARREN BUSINESS COLLEGE	683152	1506880	45,38
SAN LUIS OBISPO BEAUTY COLLEGE	54937	122187	44,96
FEATHER RIVER COLLEGE	121188	271684	44,61
MERRITT COLLEGE	792119	1776576	44,59
BAILIE SCHOOL OF BROADCAST	196900	443076	44,42
SIERRA COLLEGE OF BUSINESS	4394360	9893677	44,42
JON ET DEE	117425	265150	44,29
LANEY COLLEGE	596824	1350469	44,19
LOS ANG TR TECH COLLEGE	1423723	3235218	44,01
SAWYER SCHOOL	180935	411216	44,00
UNIVERSITY OF COSMETOLOGY	150600	342807	43,93
RIVERSIDE CITY COLLEGE	1893243	4328722	43,74
LOS ANGELES BUSINESS COLLEGE	579370	1326700	43,67
SACRAMENTO CITY COLLEGE	3248519	7446408	43,63
SANTA CLARA BEAUTY COLLEGE	111530	256030	43,56
COSUMNES RIVER COLLEGE	768948	1768954	43,47
WEST LOS ANGELES COLLEGE	777896	1806098	43,07
WOODMAN PLAZA BEAUTY COLLEGE	210500	491383	42,84
WILLOW GLEN BEAUTY COLLEGE	264885	619853	42,73
CONTRA COSTA COLLEGE	957378	2248104	42,59
FEDERICO KERN CITY COL OF BEAUTY	594587	1402684	42,39
SAN DIEGO CITY COL ALL CAMPUSES	28180	66650	42,28
PACIFIC BEAUTY COLLEGE	84500	200500	42,14
LYLES FRESNO COLLEGE OF BEAUTY	631099	1500930	42,05
ROSSTON SCHOOL OF MEN'S HAIR DESIGN	181800	433199	41,97
SAN FRANCISCO CMTY COL-CMTY COL CTR	892435	2131225	41,87
SANTA CRUZ BEAUTY COLLEGE	98400	235388	41,80
SN BERNARDINO VLY COLLEGE	619289	1502717	41,21
TRANSWESTERN INST OF WORD PROCESSING	1197825	2916517	41,07
CABRILLO SCHOOL OF NURSING	1075457	2626648	40,94
NORTH WEST COL OF MED & DENT ASST	1276913	3128620	40,81
LASSEN COLLEGE	417188	999514	40,74
NEWBERRY SCHOOL OF BEAUTY	396396	973584	40,71
LYLES HANFORD COLLEGE OF BEAUTY	556096	1367906	40,65

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INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
FRESNO CITY COLLEGE	2575952	6350047	40.57
MODERN BEAUTY ACADEMY	58465	144550	40.45
COLUMBIA C-COLUMBIA	162554	402953	40.34
BARSTOW COLLEGE	95849	239527	40.02
WILFRED ACA OF HAIR & BEAUTY CULT	107257	268533	39.94
SOUTHWESTERN COLLEGE	3120796	7830505	39.85
SAWYER COLLEGE AT POMONA	1075391	2709156	39.69
LOS ANGELES CITY COLLEGE	1505704	3794581	39.68
CALIFORNIA TRADE TECHNICAL SCHOOL	3060138	7737998	39.55
RICHARD'S BEAUTY COLLEGE	78062	197465	39.53
BAY CITY COLLEGE OF DENT & MED ASST	232769	591583	39.35
ROYAL HAIR INSTITUTE	44400	113100	39.26
UNIVERSAL BEAUTY ACADEMY	377820	963281	39.22
MTI-WESTERN BUSINESS COLLEGE	865636	2210094	39.17
FEDERICO COLLEGES OF HAIRSTYLING	61277	157588	38.88
OXNARD BEAUTY COLLEGE	625407	1623090	38.53
PATRICIA STEVENS FASHION COLLEGE	513693	1335043	38.48
PALO VERDE COLLEGE	45180	117594	38.42
VICTOR VALLEY COLLEGE	646088	1681687	38.42
HEALD COLLEGE	917100	2388557	38.40
WEST HILLS COLLEGE	425678	1112500	38.26
OXNARD COLLEGE	281740	736887	38.23
SAN DIEGO COL OF MED & DENT ASSTS	3720448	9743060	38.19
FEDERICO COLLEGES OF HAIRSTYLING	95541	250710	38.11
KENNETH'S COLLEGE OF HAIRSTYLING	64975	171650	37.85
SALVATORE'S COLLEGE OF HAIRSTYLING	67800	179283	37.82
SISKIYOUS,COLLEGE OF THE	333222	881151	37.82
DIABLO BEAUTY COLLEGE	120679	324299	37.21
CUYAMACA COLLEGE	364061	979675	37.16
MOUNT SAN ANTONIO COLLEGE	837894	2259953	37.08
MENDOCINO COLLEGE	70197	189383	37.07
SAN JOSE BEAUTY COLLEGE	156250	422486	36.98
AMBASSADOR BEAUTY COLLEGE	67500	182963	36.89
NATIONAL TECHNICAL SCHOOL	1243919	3379362	36.81
CITY COLLEGE OF SAN FRANCISCO	3056607	8322065	36.73
AL TATE BEAUTY COLLEGE	155200	423169	36.68
CARMICHAEL BEAUTY COLLEGE	76638	210671	36.38
BUTTE COLLEGE	1817206	5005103	36.31
SANTA ROSA BEAUTY COLLEGE	114940	317761	36.17
SANTA MONICA COLLEGE	2045129	5659493	36.14
REDWOODS,COLLEGE OF THE	1560348	4348864	35.88
STUDIO SEVEN FASHION CAREER COLLEGE	340600	950493	35.83
MOLER BARBER COLLEGE	91250	256350	35.60
COLUMBIA SCHOOL OF BROADCASTING	3575277	10084060	35.45
FEDERICO TULARE COUNTY COL BEAUTY	198293	559411	35.45
ELEGANCE INTERNATIONAL, INC	297950	840611	35.44
NATL EDUCATION CENTER-BRYMAN CAMPUS	777441	2197935	35.37
TAFT COLLEGE	59613	169235	35.22
WESTGATE BEAUTY COLLEGE	112000	318200	35.20
MIRA COSTA COLLEGE	486696	1384869	35.14
SIERRA COLLEGE	778735	2218053	35.11
GALEN COL OF MEDICAL & DENTAL ASSTS	1018003	2902253	35.08

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INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ALLAN HANCOCK COLLEGE	327731	936712	34.99
MEDICAL SERVICES TRAINING CENTER	120250	343862	34.97
WESTERN TECHNICAL COLLEGE	1337761	3833990	34.89
LOS ANG HARBOR COLLEGE	634315	1823093	34.79
EL CAMINO COLLEGE	1259629	3621108	34.79
LOUISE SALINGER ACAD FASHKDRESS DES	93850	270250	34.73
ACADEMY INTERNATIONAL	229901	664952	34.57
AMER RIVER COL LOS RIOS CC	2178247	6302601	34.56
SAN JOAQUIN DELTA COLLEGE	833413	2421115	34.42
SUZANNES BEAUTY COLLEGE	291312	847793	34.36
SHASTA COLLEGE	684952	2001968	34.21
SANTA BARBARA CTY COLLEGE	1504033	4409632	34.11
SANTA BARBARA BUSINESS COLLEGE	1632239	4786475	34.10
SAWYER SCHOOL OF BUSINESS	564653	1663453	33.94
KINGS RIVER CMTY COLLEGE	308534	909774	33.91
NEWBERRY SCHOOL OF BEAUTY	162576	480355	33.84
NATL EDUCATION CENTER-BRYMAN CENTER	568528	1679810	33.84
MARINELLO SCHOOL OF BEAUTY	165016	489585	33.71
CAREER ACADEMY OF BEAUTY	186742	554319	33.69
NATL EDUCATION CENTER-BRYMAN CAMPUS	1442891	4304998	33.52
MT SAN JACINTO COLLEGE	265341	794316	33.40
SADDLEBACK COLLEGE	1530667	4591956	33.33
GANAYE ACADEMY OF COSMETOLOGY	38020	114076	33.33
ACADEMY PACIFIC	841355	2524476	33.33
WEST VALLEY OCCUPATIONAL CENTER	82431	247818	33.26
ANTELOPE VALLEY COLLEGE	212819	641411	33.18
GOLDEN WEST COLLEGE	2226317	6712416	33.17
VALLEY COMMERCIAL COLLEGE	366871	1107686	33.12
PORTERVILLE COLLEGE	119791	364591	32.86
SAN DIEGO MESA COLLEGE	2397577	7308670	32.80
LONG BEACH CITY COLLEGE	3492637	10719659	32.58
UNITED ARTIST BEAUTY COLLEGE	44500	136750	32.54
CALIF COL FOR RESP THERAPY	175276	538716	32.54
MARIN,COLLEGE OF	698325	2147037	32.53
PATTEN COLLEGE	50506	155456	32.49
NATIONAL EDUCATION CENTER-SAWYER	955766	2958609	32.30
FULLERTON COLLEGE	2419691	7538154	32.10
JON ET DEE	36200	112816	32.09
COLLEEN O'HARA BEAUTY ACADEMY	43750	136903	31.96
AMERICAN TECH COL FOR CAREER TRNG	118339	370569	31.93
NATL EDUCATION-CENTER-BRYMAN CAMPUS	879787	2763048	31.84
WOODBURY UNIVERSITY	656100	2064660	31.78
LU ROSS ACADEMY OF HAIR DESIGN	187310	590232	31.73
LAURENWOOD COLLEGE	144576	456264	31.69
MODESTO JUNIOR COLLEGE	444298	1407389	31.57
MONTEREY PEN COLLEGE	176844	561036	31.52
ARMSTRONG COLLEGE	318205	1019080	31.22
YUBA COLLEGE	535116	1715200	31.20
CAREERS WEST COLLEGE	190426	611876	31.12
CHAFFEY COMMUNITY COLL	558509	1796272	31.09
PALOMAR COLLEGE	1151807	3709635	31.05
SANTA ROSA JUNIOR COLLEGE	1717797	5549536	30.95

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NORTH COUNTY COLLEGE	721323	2330516	30.95
BAY VISTA COLLEGE OF BEAUTY	35470	114616	30.95
PACIFIC COAST COLLEGE	8108086	26257369	30.88
CERRITOS COLLEGE	576318	1878229	30.68
SAWYER COLLEGE AT VENTURA	626767	2050591	30.57
SAN JOSE CITY COLLEGE	550665	1811301	30.40
SIMI BEAUTY COLLEGE	54640	180075	30.34
BJORN'S HAIRSTYLING ACADEMY	78240	258490	30.27
ACADEMY OF STENOGRAPHIC ARTS	524690	1733503	30.27
CANYONS,COLLEGE OF THE	130698	433252	30.17
CUESTA COLLEGE	891947	2965847	30.07
GROSSMONT COLLEGE	1669250	5551853	30.07
TRAVEL AND TRADE CAREER INSTITUTE	738400	2467497	29.93
LIVERMORE BEAUTY COLLEGE	49308	164896	29.90
VICTOR VALLEY BEAUTY COLLEGE	122602	410195	29.89
RIO HONDO COLLEGE	273150	915505	29.84
GROSSMONT HEALTH OCCUPATIONS CENTER	49180	165546	29.71
NATL EDUCATION CENTER-BRYMAN CAMPUS	919353	3095407	29.70
CHABOT VALLEY CAMPUS	1013211	3425728	29.58
EAST LOS ANGELES COLLEGE	153807	520046	29.58
KAY-MICHAEL'S SCHOOL OF HAIR DESIGN	37328	126457	29.52
JE BOUTIQUE COLLEGE OF BEAUTY	47537	161753	29.39
RANCHO SANTIAGO	1656087	5657865	29.27
HEALD'S KELSEY-JENNY COLLEGE	745423	2554114	29.19
ORANGE COAST COLLEGE	2551870	8755558	29.15
SAN FRANCISCO ART INST	1360871	4730643	28.77
CALIFORNIA BEAUTY COLLEGE	206200	722612	28.54
FEDERICO COLLEGES OF HAIRSTYLING	42800	150267	28.48
CRAFTON HILLS COLLEGE	162229	569694	28.48
OHLONE COLLEGE	424937	1493210	28.46
CITRUS COLLEGE	242210	857955	28.23
VALLEY COL-MEDICAL & DENTAL CAREERS	1164512	4127603	28.21
SAN DIEGO MIRAMAR COLLEGE	229732	819019	28.05
NATIONAL EDUCATION CENTER-SAWYER	629350	2255658	27.90
VAN NUYS COLLEGE OF BUSINESS	311460	1117970	27.86
NATL EDUCATION CENTER-SKADRON BUS	1271303	4571120	27.81
ELDORADO COLLEGE	638807	2302136	27.75
NEW COLLEGE OF CALIFORNIA	1096698	3956513	27.72
DELUUX SCHOOLS OF COSMETOLOGY	930672	3359556	27.70
INSTITUTE FOR BUSINESS & TECHNOLOGY	614820	2224720	27.64
ASSOCIATED TECHNICAL COLLEGE	3677871	13405488	27.44
TECHNICAL HEALTH CAREERS SCHOOL	150000	550490	27.25
LOS ANG VALLEY COLLEGE	420483	1549145	27.14
CANADA COLLEGE	195169	720374	27.09
OCEANSIDE COLLEGE OF BEAUTY	63736	235390	27.08
SOLANO COUNTY CC	429555	1600343	26.84
WEST COAST CHRISTIAN C	123953	464101	26.71
SKYLINE COLLEGE	103489	388822	26.62
CRISS COLLEGE	951850	3585590	26.55
UNITED HEALTH CAREERS INSTITUTE	946932	3567594	26.54
ATLANTIC SCHOOL OF CALIFORNIA	24505	92669	26.53
NATIONAL EDUCATION CENTER-SAWYER	1250216	4712680	26.53

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INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
THOUSAND OAKS BEAUTY COLLEGE	63005	238349	26.43
HEALD COLLEGE	848770	3220223	26.36
AMERICAN ACAD OF DRAMATIC ARTS WEST	400560	1520882	26.34
DE ANZA COLLEGE	1582874	6011560	26.33
BAY VALLEY TECHNICAL INSTITUTE	1304664	4957855	26.32
COGSWELL COLLEGE	309083	1175976	26.28
NATL EDUCATION CENTER-BRYMAN CAMPUS	500793	1908768	26.24
M.T.D. BUSINESS COLLEGE	833924	3187839	26.16
COASTLINE COMMUNITY COLLEGE	121207	463827	26.13
SAN MATEO,COLLEGE OF	458721	1760669	26.05
NORTH ADRIANS COLLEGE OF BEAUTY	51250	197225	25.99
SEQUOIA AUTOMOTIVE INSTITUTE	1166479	4495863	25.95
DIABLO VALLEY COLLEGE	566618	2184823	25.93
CABRILLO COLLEGE	596728	2306184	25.88
ROSEMEAD BEAUTY SCHOOL	43000	166450	25.83
BAKERSFIELD COLLEGE	198468	779338	25.47
VET ADMIN MED CTR SCH OF RAD-TECH	80000	314150	25.47
SOUTHERN CALIF COL MED-DENT CAREERS	778625	3067135	25.39
PASADENA CITY COLLEGE	568871	2241585	25.38
NATIONAL BUSINESS INSTITUTE	154036	609074	25.29
GLENDALE CMTY COLLEGE	493388	1954288	25.24
INDIAN VALLEY COLLEGES	80538	319964	25.17
SIMI VALLEY ADULT SCHOOL	58700	233513	25.14
ORANGE COUNTY BUSINESS COLLEGE	150685	606185	24.86
LOS ANG PIERCE COLLEGE	910086	3674234	24.77
EVERGREEN VALLEY COLLEGE	252542	1020718	24.74
WATTERSON COLLEGE BUSINESS	1014398	4130330	24.56
GAVILAN COLLEGE	54616	222881	24.50
MARYMOUNT PALOS VERDES COLLEGE	220536	901612	24.46
DESERT,COLLEGE OF THE	115779	473468	24.45
AMERICAN CONSERVATORY THEATRE	302075	1237430	24.41
GOLDEN STATE SCHOOL	836890	3435517	24.36
CALIFORNIA INST OF ARTS	1751168	7198582	24.33
CYNTHIA'S BEAUTY ACADEMY	181250	754534	24.02
PALM SPRINGS BEAUTY COLLEGE	47500	198675	23.91
NATL EDUCATION CENTER-BRYMAN CENTER	1283266	5374877	23.88
GROVE SCHOOL OF MUSIC	352898	1479733	23.85
SAN JOAQUIN VALLEY COL OF MED/DENT	904831	3801162	23.80
ACADEMY OF ART COLLEGE	1077201	4536024	23.75
NORTHROP UNIVERSITY	1087141	4593803	23.67
FEDERICOS NORTH FRESNO BEAUTY COL	231350	982566	23.55
CONDIE COL OF BUS & COMPUTER TECH	1135389	4833658	23.49
WESTLAND COLLEGE	1723055	7350096	23.44
BROOKS COL SPEC IN FASH & DESIGN	920367	3926836	23.44
CAL STATE U-LOS ANGELES	3605735	15406328	23.40
ADRIAN'S SCENIC BEAUTY COLLEGE	60722	260226	23.33
LYTLE'S REDWOOD EMPIRE BEAUTY COL	77800	333592	23.32
WATTERSON COLLEGE	935427	4020946	23.26
VENTURA COLLEGE	195381	843761	23.16
CERRO COSO CMTY COLLEGE	72752	314552	23.13
CLAYTON CAREER COLLEGE	418551	1812161	23.10
LAWTON SCH FOR MED-DENT ASSISTANTS	103700	450935	23.00

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
WORLD COLLEGE WEST	90874	395376	22.98
CYPRESS COLLEGE	685647	2984673	22.97
PACIFIC TRAVEL SCHOOL	556963	2433650	22.89
HEALD COLLEGE-SAN FRANCISCO	1236739	5416706	22.83
HUMPHREYS COLLEGE	127911	560432	22.82
MARIC COLLEGE OF MEDICAL CAREERS	451251	1979358	22.80
COLLEGE OF OCEANEERING	510853	2245895	22.75
CAL STATE U-DOMINGUEZ HLS	2148136	9456117	22.72
SN FRISCO C MORTUARY SCI	67283	296918	22.66
UNIVERSITY OF WEST LOS ANGELES	1405867	6231810	22.56
FASH INST DESIGN & MERCH	3919789	17398232	22.53
NATL EDUCATION CENTER-BRYMAN CENTER	594015	2644583	22.46
MISSION COLLEGE	226500	1012115	22.38
MOORPARK COLLEGE	412168	1848106	22.30
WATTERSON COLLEGE	1157602	5228835	22.14
FREDERICO COLLEGES OF HAIRSTYLING	62945	284934	22.09
MERIT COLLEGE OF COURT REPORTING	467063	2146884	21.76
WEST VALLEY COLLEGE	576893	2671326	21.60
FASHION CAREERS OF CALIFORNIA	42450	196630	21.59
PRACTICAL SCHOOLS	236900	1098382	21.57
FOOTHILL COLLEGE	373613	1732664	21.56
SEQUOIAS,COLLEGE OF THE	153660	713445	21.54
CAL BAPTIST COLLEGE	556756	2589462	21.50
WEST COAST UNIV MAIN CAMPUS	483513	2252265	21.47
HEALD COLLEGE	412637	1922296	21.47
CAL ST COLLEGE-BAKERSFLD	873708	4073467	21.45
CHARLES R DREW POST GRAD MED SCHOOL	161537	765959	21.09
HEALD COLLEGE	666571	3167401	21.04
HEALD COLLEGE	566544	2699152	20.99
EMPIRE COLLEGE	294154	1409313	20.87
OTIS ART INST PARSONS SCH	475590	2289839	20.77
LINCOLN UNIVERSITY	127313	617130	20.63
HEALD COLLEGE	847134	4106439	20.63
NAPA VALLEY COLLEGE	134100	654888	20.48
CAL COLLEGE ARTS & CRAFTS	837615	4152918	20.17
WSTN ST U C LAW SAN DIEGO	1991529	9914805	20.09
NORTH VALLEY OCCUPATIONAL CENTER	74190	371623	19.96
SIERRA VALLEY BUSINESS COLLEGE	132267	671919	19.68
CONTROL DATA INSTITUTE	410742	2087202	19.68
PACIFIC CHRISTIAN COLLEGE	265078	1347835	19.67
UNIV OF SAN FERNANDO VALLEY COL LAW	561451	2901045	19.35
COLUMBIA COLLEGE	156366	815073	19.18
HEALD COLLEGE TECH-SN FRISCO	1480684	7781765	19.03
IRVINE COLLEGE OF BUSINESS	114300	601910	18.99
AMERICAN COLLEGE OF OPTICS	72950	384500	18.97
CONTROL DATA INSTITUTE	703208	3707581	18.97
PACIFIC COLLEGE OF MED & DENT ASSTS	671756	3609107	18.61
VALLEY COL OF MEDICAL & DENTAL CAR	51550	277920	18.55
WESTERN CAREER COLLEGE	385922	2085514	18.50
SAN FRANCISCO CONSV MUSIC	198725	1086944	18.28
HEALD COLLEGE	376852	2062507	18.27
PEPPERDINE UNIVERSITY	125848	701656	17.94

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SONOMA STATE UNIVERSITY	1973235	11028358	17,90
SAN FRANCISCO STATE U	7141885	42000698	17,00
MUSICIANS INSTITUTE	446725	2642846	16,90
LA VERNE, UNIV OF	2197225	13104376	16,77
DOMINICAN C OF SAN RAFAEL	337668	2031206	16,62
MENLO COLLEGE	105425	636723	16,56
US INTERNATIONAL U	2017277	12332659	16,36
HEALD COLLEGE	471472	2904732	16,23
WSTN ST U C LAW ORANGE CO	2272639	14083961	16,14
LOMA LINDA UNIV LA SIERRA CAMPUS	913249	5754528	15,87
SAN JOSE BIBLE COLLEGE	43902	283687	15,48
CA INST INTEGRAL STDIES	226184	1463353	15,46
PASADENA COLLEGE OF CHIROPRACTIC	354477	2354216	15,27
CAL STATE C-SN BERNARDINO	1021490	6848302	14,92
CAL STATE U-SACRAMENTO	5150060	34611359	14,88
CONTROL DATA INSTITUTE	1472605	3183597	14,85
CALIFORNIA SCH OF COURT REPORTING	158500	1075117	14,74
GOLDEN GATE UNIVERSITY	3505856	23962825	14,63
CHAPMAN COLLEGE	1274791	8800600	14,49
NATIONAL UNIVERSITY	8189475	56604620	14,47
CAL STATE U-LONG BEACH	5810623	40401619	14,38
INTERNATIONAL COLLEGE	805606	6206317	14,27
CLEVELAND CHIROPRACTIC COLLEGE	1496496	10570147	14,16
BROOKS INSTITUTE	855835	6059581	14,12
CAL-SANTA CRUZ, UNIV OF	2001664	14241636	14,06
LOS ANGELES CO USC MED CTR SC NURS	187880	1340850	14,01
CAL STATE U-FRESNO	3474255	26393892	13,92
MONTEREY INTRNATL STDIES	662081	4804689	13,78
PITZER COLLEGE	295952	2150779	13,76
BETHANY BIBLE COLLEGE	239486	1744932	13,72
CAL ST COLLEGE-STANISLAUS	749227	5536436	13,53
NOTRE DAME,COLLEGE OF	315394	2338655	13,49
CAL STATE U-NORTHRIDGE	3582748	26851449	13,34
CAL STATE U-HAYWARD	2024646	15324150	13,21
CAL STATE U-FULLERTON	2521880	19449163	12,97
SOUTHERN CAL COLLEGE	296213	2300416	12,88
BRYAN COLLEGE OF COURT REPORTING	106235	828742	12,82
CAL SCH PROF PSYC FRESNO	317478	2415142	12,73
SAN DIEGO STATE U	8664826	68583102	12,64
FRESNO PACIFIC COLLEGE	251871	1998684	12,60
BARCLAY COLLEGE	241162	1919557	12,56
STHWSTN U SCHOOL OF LAW	2841193	22790825	12,55
SIMPSON COLLEGE	128497	1037301	12,39
PACIFIC OAKS COLLEGE	155576	1259260	12,35
JOHN F KENNEDY UNIVERSITY	1364289	11090358	12,30
CALIFORNIA WESTERN SCHOOL OF LAW	1561844	12865309	12,14
CLAREMONT GRADUATE SCHOOL	684274	5664480	12,08
HUMBOLDT STATE U	1935083	16061859	12,05
SAN DIEGO, UNIVERSITY OF	1933773	16108118	12,00
HARTNELL COLLEGE	45000	375536	11,98
SAN JOSE STATE UNIV	3259462	27279570	11,95
CAL LUTHERAN COLLEGE	681183	5704526	11,94

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PACIFIC UNION COLLEGE	609203	5156950	11.81
DENTAL TECHNOLOGY INSTITUTE	34000	294020	11.56
MILLS COLLEGE	396687	3432940	11.56
POINT LOMA NAZARENE COL	814677	7121199	11.44
CAL STATE POLY U-POMONA	2467043	21869010	11.28
WHITTIER COLLEGE	883952	7846968	11.26
SOUTHERN CALIF INST OF ARCHITECTURE	239689	2167968	11.06
CAL STATE U-CHICO	3286031	29897908	10.99
CAL-RIVERSIDE, UNIV OF	941046	8574896	10.97
MOUNT SNT MARY'S COLLEGE	369978	3426277	10.80
PACIFIC SCH OF RELIGION	94055	879591	10.69
ART CTR COLLEGE OF DESIGN	784126	7337996	10.69
PEPPERDINE UNIV	1493378	14080831	10.61
LOYOLA MARYMOUNT UNIV	1228980	11722335	10.48
SNT MARY'S COLLEGE OF CAL	838219	8007970	10.47
COMPUTER LEARNING CENTER	978541	9364860	10.45
PEPPERDINE UNIV SCH OF LAW	1003493	9650590	10.40
SAN FRANCISCO,U OF	2929011	28293042	10.35
HEALD COLLEGE	42500	419145	10.14
CAL-SANTA BARBARA,U OF	3648274	36864130	9.90
REDLANDS,UNIVERSITY OF	894380	9134732	9.79
AZUSA PACIFIC UNIVERSITY	769162	8029310	9.58
CAL-SAN DIEGO,U OF	2659584	27889460	9.54
COLEMAN COLLEGE	622236	6624457	9.39
STHN CALIFORNIA, UNIV OF	10093176	110273201	9.15
LOS ANGELES BAPT COLLEGE	81050	887490	9.13
HOLY NAMES COLLEGE	108517	1202339	9.03
CAL POLY ST U-SN LUIS OB	4134531	46622607	8.87
CHRISTIAN HERITAGE C	71162	826252	8.61
CAL-IRVINE, UNIV OF	1914802	22385848	8.55
U OF SAN DIEGO SCH OF LAW	1187843	13995197	8.49
CAL-LOS ANGELES,U OF	8544061	101008762	8.46
SCRIPPS COLLEGE	140920	1707529	8.25
CAL-BERKELEY,U OF	4417651	57787664	7.64
LOS ANG C OF CHIROPRACTIC	1042020	13709414	7.60
UNIV OF THE PACIFIC MCGEORGE LAW	1547257	20746739	7.46
CALIFORNIA COLLEGE OF PODIATRIC MEDICINE	444806	5977737	7.44
CAL HASTINGS C LAW,U OF	1444037	19543004	7.39
CLAREMONT MCKENNA C	226619	3068925	7.38
OCCIDENTAL COLLEGE	348048	4810606	7.23
CALIF COL FOR RESP THER CORRESP DIV	26410	370545	7.13
LOYOLA LAW SCHOOL	1093965	16224662	6.74
SAMUEL MERRITT HOSP SCH OF NURSING	94206	1421824	6.63
BIOLA UNIV	484369	7366630	6.58
CALIFORNIA INSTITUTE	60000	915250	6.56
PACIFIC,UNIVERSITY OF THE	1110344	17150177	6.47
SANTA CLARA,UNIVERSITY OF	1522272	24334582	6.26
CAL SCH PSYC BERKELEY	171691	2764791	6.21
CALIFORNIA MARITIME ACAD	127271	2073126	6.14
LOMA LINDA UNIVERSITY	1267793	21151460	5.99
WESTMONT COLLEGE	246433	4145336	5.94
THEO AT CLAREMONT,SCH OF	56997	961876	5.93

SCHSTATE=CALIFORNIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CAL-DAVIS,U OF	2151005	39000871	5.52
FULLER THEOLOGICAL SEM	335047	6493688	5.16
STANFORD UNIVERSITY	1863585	41697665	4.47
PALMER COLLEGE OF CHIROPRACTIC-WEST	213933	5323635	4.02
CAL SCH PROF PSYC SN DIEGO	111319	3105947	3.58
CAL SCH PROF PSYC LOS ANG	110000	3276514	3.36
CAL INST OF TECHNOLOGY	73936	2355682	3.14
POMONA COLLEGE	92715	3495599	2.65
STHN CAL C OF OPTOMETRY	163201	6225112	2.62
CAL-SAN FRAN, UNIV OF	477387	19180350	2.49

SCHSTATE=COLORADO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SHARON DORAN'S ACAD/SCIENCE HAIRDES	206152	416037	49.55
LAVONNES ACADEMY OF BEAUTY	215399	482240	44.67
AAA MIDWEST BEAUTY COLLEGE	179102	424358	42.21
LAVONNES ACADEMY OF BEAUTY	244655	583977	41.89
LAVONNES LANE BEAUTY ACADEMY	130010	324376	40.08
ROCKY MOUNTAIN BEAUTY COLL DENVER	93967	240810	39.02
LAVONNES MILE-HI BEAUTY SCHOOL	179936	473984	37.96
ADELPHI BUSINESS COLLEGE	1113543	2967266	37.53
LAVONNES ACADEMY OF BEAUTY	176200	501559	35.13
LAVONNES ACADEMY OF BEAUTY	90531	267307	33.87
BAILIE SCHOOL OF BROADCAST	151373	455501	33.23
PUEBLO COLLEGE OF BUSINESS & TECH	490733	1479325	33.17
COLORADO BEAUTY COLLEGE II	89650	281005	31.90
COLORADO BARBER COLLEGE	62799	206063	30.48
COLORADO BEAUTY COLLEGE III	94941	314624	30.18
WHEATRIDGE BEAUTY COLLEGE	155704	516831	30.13
BARNES BUSINESS COLLEGE	2411763	8416036	28.66
CERTIFIED WELDING SCHOOL	289860	1044976	27.74
AMERICAN BEAUTY COLLEGE	185002	675832	27.37
SAN LUIS VALLEY AREA VOC SCHOOL	101274	386846	26.18
COLORADO COL OF MED & DENT CAREERS	1096717	4190879	26.17
LAVONNES ACADEMY OF BEAUTY	76800	293630	26.16
INTERNATIONAL BEAUTY ACADEMY	134317	515348	26.06
DENVER AURARIA CMTY COL	614212	2541600	24.17
PIKES PEAK CMTY COLLEGE	1128202	4702997	23.99
LAMAR COMMUNITY COLLEGE	109638	464062	23.63
DELTA-MONTROSE AREA VOC TECH CENTER	54832	240263	22.82
ROCKY MOUNTAIN SCHOOL OF ART	228999	1030593	22.22
OTERO JUNIOR COLLEGE	205776	926641	22.21
PUEBLO COMMUNITY COLLEGE	378929	1747337	21.69
MORGAN COMMUNITY COLLEGE	62986	299408	21.04
AMERICANA BEAUTY COLLEGE #II	80369	382372	21.02
INTERNAT TRG LTD HAIRCUTTING & STYL	100651	485291	20.74
ELEC TECH INST	248752	1203166	20.67
BLAIR JC	1198642	5848955	20.49
DENVER TECHNICAL SCHOOL	622405	3174472	19.61
TRINIDAD STATE JR COLLEGE	176935	917273	19.29
PARKS COLLEGE INCORP.	1695846	9016551	18.81
BERNEL COLL OF COS. & APPLIED SCS	85752	473022	18.13
MICHAEL TAYLOR INST OF HAIR DESIGN	90418	509656	18.06
SAN JUAN BASIN AREA VOC TECH SCHOOL	68402	386819	17.68
SHARON DORAN'S ACAD SCI & HAIR DSGN	41046	244406	16.79
ARAPAHOE CMTY COLLEGE	421552	2545507	16.56
AMERICAN DIESEL & AUTOMOTIVE SCHOOL	152947	946375	16.16
NATIONAL CAMERA INC	74390	465707	15.97
T.H. PICKENS TEC CTR AURORA PUB SCH	73320	459552	15.95
HIGHLAND HILLS BEAUTY ACADEMY	56329	379830	14.83
RED ROCKS CMTY COLLEGE	233752	1585938	14.74
DENVER INSTITUTE OF TECHNOLOGY	1028348	7002976	14.68
COLORADO WOMENS COLLEGE	72831	498477	14.61
AIMS COMMUNITY COLLEGE	306415	2156675	14.21
LARIMER COUNTY VOC-TECH CENTER	111615	789171	14.14

SCHSTATE=COLORADO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
BOULDER VALLEY VOC TECH CENTER	99757	706800	14.11
COLORADO SCHOOL OF TRADES	201095	1460408	13.77
PIKES PEAK INSTITUTE OF MED-TECH	110123	819771	13.43
COLORADO TECHNICAL COL	267598	2010829	13.31
COLORADO BEAUTY COLLEGE I	35728	269782	13.24
SOUTHERN COLORADO,U OF	1038766	7855121	13.22
TECHNICAL TRADES INSTITUTE	244530	1875139	13.04
BEL-REA INST ANIMAL TECH	124310	962926	12.91
NAZARENE BIBLE COLLEGE	161080	1279612	12.59
DENVER AUTOMOTIVE & DIESEL COLLEGE	974719	7840629	12.43
ADAMS STATE COLLEGE	414611	3339572	12.42
COLORADO MOUNTAIN COL WEST CAMPUS	217416	1758996	12.36
ROCKMONT COLLEGE	98200	803586	12.22
CENTRAL BUSINESS COLLEGE INC	15122	130137	11.62
COLORADO INSTITUTE OF ART	1056117	9097588	11.61
COLORADO NORTHWESTERN CC	94150	832454	11.31
COLORADO AERO-TECH SCHOOL	1077883	9772776	11.03
METROPOLITAN ST COLLEGE	1269859	11555667	10.99
NAROPA INSTITUTE	177300	1741035	10.18
FRONT RANGE CC	211319	2120553	9.97
LORETTO HEIGHTS COLLEGE	261593	2652808	9.86
REGIS COLLEGE	509145	5422507	9.39
MILE HI COLLEGE	206119	2340416	8.81
NORTHEASTERN JR COLLEGE	134388	1551839	8.66
MESA COLLEGE	373909	4586815	8.15
WESTERN ST COLLEGE COLO	511286	6645887	7.69
COLO AT DENVER,U OF	1142645	14980839	7.63
FORT LEWIS COLLEGE	354393	5295617	6.69
DENVER,UNIVERSITY OF	3149984	48079169	6.55
NORTHERN COLORADO,U OF	1962434	30906458	6.35
COLORADO AT BOULDER,U OF	3830513	69103776	5.54
COLO-COLO SPRINGS, U OF	375911	6850485	5.49
DENVER PARALEGAL INSTITUTE	69400	1597746	4.34
COLORADO STATE UNIVERSITY	2007924	49121242	4.09
COLORADO COLLEGE	180445	5539134	3.26
COLORADO SCHOOL OF MINES	206625	8466276	2.44
COLO HLTH SCI CENTER,U OF	96083	11568518	0.83

SCHSTATE=CONNECTICUT

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
HOUSATONIC CMTY COL	539873	1586080	34,04
LEON'S INSTITUTE OF HAIR DESIGN	44585	137353	32,46
WILFRED ACAD OF HAIR & BEAUTY CULT	606665	2055963	29,51
NEW ENGLAND TRACTOR TRAILER TRNG	868008	3062184	28,35
BUTLER BUSINESS SCHOOL	289574	1023397	28,30
ELM CITY BEAUTY ACADEMY	62100	232912	26,66
WATERBURY SCHOOL OF HAIRDRESSING	88767	334167	26,56
COUNTY SCHOOLS-HOME STUDY	5965069	23094231	25,83
SOUTH CEN CMTY COLLEGE	356252	1397673	25,49
GREATER HARTFORD CC	626043	2480459	25,24
STATE ACAD OF COSMETOLOGY ARTS/SCI	125788	502781	25,02
HARTFORD SECRETARIAL SCHOOL	388275	1581399	24,55
WILFRED ACAD OF HAIR & BEAUTY CULT	887881	3713041	23,91
CROWN ACADEMY OF HAIRDRESSING	150103	633638	23,69
LEON INST OF HAIR DESIGN	35652	156383	22,80
CONNECTICUT ACADEMY	103900	459916	22,59
PARK INSTITUTE OF HAIR DESIGN	62599	280589	22,31
AMORE INSTITUTE OF HAIR DESIGN INC	189393	856629	22,11
EAST COAST WELDING & TECHNICAL SCH	170853	797341	21,43
NORWALK COMMUNITY COLLEGE	427636	2029857	21,07
HARTFORD MODERN SCHOOL OF WELDING	585580	2818524	20,78
ATLANTIC SCHOOL OF HARTFORD	106172	519272	20,45
HARTFORD INSTITUTE OF ACCOUNTING	52186	262567	19,88
MIDDLESEX CMTY COLLEGE	278239	1458482	19,08
SAMPIERI SCHOOL OF HAIR DESIGN	58344	306022	19,07
QUINEBAUG VALLEY CC	98616	531196	18,56
GREATER NEW HAVEN ST TECH COLLEGE	221270	1198520	18,46
NTHWSTN CONN CMTY COLLEGE	284521	1563267	18,20
GAL-MAR ACADEMY OF HAIRDRESSING	193217	1063091	18,18
AMORE INSTITUTE OF HAIR DESIGN	149098	821719	18,14
ACADEMY FOR BUSINESS CAREERS	880681	4900832	17,97
ALBERT I PRINCE REG VOC TECH SCH	72840	407922	17,86
RUFFLER ACADEMY FOR HAIRSTYLISTS	70337	410707	17,13
MORSE SCHOOL OF BUSINESS	2342825	13806657	16,97
ELI WHITNEY REG VOC TECH SCH	102289	603315	16,95
MOHEGAN COMMUNITY COLLEGE	194530	1220490	15,94
NATL ACADEMY OF HAIRDRESSING	95962	611194	15,70
NATIONAL ACADEMY OF HAIRDRESSING	57510	368717	15,60
NEW LONDON SCHOOL OF BUSINESS	193110	1242064	15,55
MATTATUCK CMTY COLLEGE	308929	2008856	15,37
NEW LONDON ACADEMY OF HAIRDRESSING	100322	669816	14,98
STATE ACAD OF COSMETOLOGY ARTS/SCI	103862	694289	14,96
CONNECTICUT BUSINESS INSTITUTE	505196	3417246	14,78
AMERICO ACADEMY BEAUTY CULTURE INC	96000	655321	14,65
MANCHESTER CMTY COLLEGE	591618	4194280	14,11
DIESEL TECHNOLOGY INSTITUTE	106950	767210	13,94
BULLARD-HAVENS REG VOC TECH SCH	103373	754494	13,70
MITCHELL COLLEGE	345162	2526563	13,66
NORWALK ST TECH COLLEGE	310554	2283352	13,60
COMPUTER PROCESSING INSTITUTE	6799827	50546872	13,45
HARTFORD TECHNICAL INSTITUTE	168125	1270906	13,23
CONNECTICUT INST OF HAIR DESIGN	163230	1243464	13,13

SCHSTATE=CONNECTICUT

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PAIER COLLEGE OF ART INC.	469445	3733277	12.57
THAMES VLY STATE TECH C	290565	1605537	12.49
NATL ACADEMY OF HAIRDRESSING	43638	351129	12.43
WINDHAM REG TECHNICAL SCHOOL	43940	357055	12.31
NATL ACADEMY OF HAIRDRESSING	44770	364936	12.27
TECHNICAL CAREERS INSTITUTE	1756170	14391703	12.20
DATA INSTITUTE	66300	551906	12.01
BRANFORD HALL SCHOOL OF BUSINESS	82950	714222	11.61
STONE SCHOOL	874268	7560984	11.56
HARTFORD COLLEGE WOMEN	77100	673147	11.45
ASNUNTUCK CMTY COLLEGE	57065	498420	11.45
SACRED HEART UNIVERSITY	1253460	12761832	9.82
TORRINGTON BEAUTY ACADEMY	56114	572344	9.80
UNIV OF CONN STAMFORD CAMPUS	97457	1033599	9.43
PORTER AND CHESTER INSTITUTE	1201450	12863321	9.34
HOLY APOSTLES COLLEGE	72083	773173	9.32
TUNXIS COMMUNITY COLLEGE	117863	1268932	9.29
STHN CT STATE UNIV	3594992	38771152	9.27
BUSINESS CAREERS INSTITUTE	104158	1131374	9.21
NRTH CT STATE UNIV	1052907	11527048	9.13
POST COLLEGE	514037	5645869	9.10
CREATIVE SCHOOL OF HAIRDRESSING	68115	763481	8.92
NEW HAVEN,UNIVERSITY OF	2014949	23073010	8.73
PORTER AND CHESTER INSTITUTE	94950	1159839	8.19
HARTFORD,UNIVERSITY OF	2990178	36561034	8.18
BRIDGEPORT,UNIVERSITY OF	3586943	44370973	8.08
CONNECTICUT SCH OF ELECTRONICS	366302	4627888	7.92
HUNTINGTON INSTITUTE	105615	1338715	7.89
CREATIVE SCHOOL OF HAIRDRESSING	73225	930715	7.87
ALBERTUS MAGNUS COLLEGE	239203	3060253	7.82
HARTFORD ST TECH COLLEGE	182110	2339886	7.78
EASTERN CONN ST UNIV	1182498	15409607	7.67
CENTRAL CONN ST UNIV	2593270	35606520	7.28
WATERBURY ST TECH COLLEGE	90428	1350305	6.70
UNIV OF CONN WATERBURY CAMPUS	37374	610475	6.12
BRIARWOOD COLLEGE	225852	3889842	5.81
WESLEYAN UNIVERSITY	694183	13112455	5.29
QUINNIPIAC COLLEGE	1040518	20732745	5.02
UNIV OF CONN HARTFORD CAMPUS	794352	16503357	4.81
FAIRFIELD UNIVERSITY	1027783	21487899	4.78
CONNECTICUT COLLEGE	380239	8032442	4.73
TRINITY COLLEGE	343947	7970280	4.32
KATHARINE GIBBS SCHOOL	136450	3336173	4.09
UNIV OF CONN MAIN CAMPUS	3771280	95928882	3.93
YALE UNIV-SCHOOL OF MEDICINE	159637	4113284	3.88
YALE UNIVERSITY	2529389	67263349	3.76
SAINT JOSEPH COLLEGE	153489	6010352	2.55

SCHSTATE=DISTRICT OF COLUMBIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
WASHINGTON INTERNATIONAL COLLEGE	899603	963048	89.26
DICKINSON BUSINESS SCH[illegible] CX	1502997	2048053	73.38
LEWIS INTERNATIONAL SCHOOL	108009	152104	71.01
SMITH BUSINESS SCHOOL	1910032	2889637	66.00
WASHINGTON D C BEAUTY ACADEMY	876324	1417724	61.81
CORTEZ W PETERS BUSINESS COLLEGE	57029	104159	54.75
NAT'L CONSERVATORY OF DRAMATIC ARTS	320676	668076	48.09
STRAYER COLLEGE	4119900	8814191	46.74
SOUTHEASTERN UNIVERSITY	1257419	3000599	41.91
GEORGETOWN SCHOOL OF SCIENCE & ART	1529552	3670201	41.67
WASHINGTON SCHOOL FOR SECRETARIES	3102350	8103680	38.28
UNIV OF THE DISTRICT OF COLUMBIA	812702	[illegible]	34.07
HOWARD TECHNICAL EDUCATION CENTER	615791	1829069	33.66
HOWARD UNIVERSITY	10120992	[illegible]	30.11
LINCOLN TECHNICAL INSTITUTE	1532290	5475161	27.99
ANTIOCH UNIVERSITY SCHOOL OF LAW	2365673	10361151	22.83
NATIONAL INSTITUTE OF COSMETOLOGY	[illegible]	[illegible]	22.78
CORCORAN SCHOOL OF ART	[illegible]	[illegible]	22.39
[illegible] COLLEGE	[illegible]	[illegible]	22.03
JEFFERSON BUSINESS COLLEGE	[illegible]	[illegible]	21.76
BENJAMIN FRANKLIN UNIV	[illegible]	[illegible]	20.67
[illegible] SCHOOL OF [illegible]	[illegible]	[illegible]	19.63
[illegible] BEAUTY ACADEMY	[illegible]	[illegible]	12.37
TRINITY COLLEGE	[illegible]	[illegible]	10.98
AMERICAN UNIVERSITY	[illegible]	[illegible]	10.90
MOUNT VERNON COLLEGE	[illegible]	[illegible]	10.00
WESLEY THEOLOGICAL SEM	[illegible]	[illegible]	9.98
GEORGE MASON UNIVERSITY	[illegible]	[illegible]	9.94
SCH OF ADV INTL STDS OF J HOPKINS U	[illegible]	[illegible]	9.75
CATHOLIC U OF AMERICA	[illegible]	[illegible]	9.38
GALLAUDET COLLEGE	[illegible]	[illegible]	8.86
GEORGETOWN UNIVERSITY	[illegible]	[illegible]	8.08
GEORGETOWN UNIV [illegible]	[illegible]	[illegible]	8.15
GEORGETOWN UNIV LAW CENTER	[illegible]	[illegible]	8.10
JOHNS HOPKINS UNIVERSITY, INT'L STDS,	[illegible]	[illegible]	8.18
GEORGE WASHINGTON UNIV LAW CENTER	[illegible]	[illegible]	5.93
GEORGETOWN UNIV SCH OF [illegible]	[illegible]	[illegible]	5.88
GEORGETOWN UNIV SCH OF DENTISTRY	[illegible]	[illegible]	2.80
GEORGE WASHINGTON UNIV SCH OF MED	[illegible]	[illegible]	1.75

SCHSTATE=DELAWARE

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SCHILLING-DOUGLAS SCH - HAIR DESIGN	167485	459807	36.43
DELAWARE STATE COLLEGE	1851197	5347274	34.62
U.S.A. TRAINING ACADEMY, INC	23317626	71673102	32.53
DEL TECH & CC STHN CAM	238239	1373104	17.35
WILMINGTON COLLEGE	381071	2486174	15.33
WESLEY COLLEGE	545222	4321485	12.62
DELAWARE TECH & CMTY COL STANTON	255534	2042977	12.51
BRANDYWINE C OF WIDENER U	615757	5228236	11.78
DOROTHEA B LANE SCHOOLS	118305	1234662	9.58
DELAWARE LAW SCH WIDENER	1484475	15820360	9.38
GOLDEY BEACOM COLLEGE	413311	5305243	7.79
DELAWARE, UNIVERSITY OF	2789519	66291783	4.21

SCHSTATE=FLORIDA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
UNIVERSAL TRUCK DRIVERS SCHOOLS INC	60820	88090	69.04
ROBERT FIANCE INSTITUTE OF FLORIDA	161312	234737	68.72
WILFRED TRENDSETTERS HAIRSTYLE ACAD	704875	1279720	55.08
ROBERT FIANCE INSTITUTE OF FLORIDA	98938	181263	54.58
UNIVERSAL HEAVY CONSTRUCTION SCHS	78370	144490	54.24
WILFRED ACAD OF HAIR & BEAUTY CULT	1078501	2158926	49.96
WILFRED ACAD OF HAIR & BEAUTY CULT	744075	1508962	49.31
ULTISSIMA BEAUTY INST AT HIALEAH	200680	408737	49.10
WILLFREDS FREDERIC HAIRSTYLING ACAD	1023419	2160444	47.37
WILFRED ACAD OF HAIR & BEAUTY CULT	1180156	2507839	47.06
EDWARD WATERS COLLEGE	642817	1381198	46.54
WILFRED ACAD OF HAIR & BEAUTY CULT	1048182	2260555	46.37
HOLLYWOOD COLLEGE OF BEAUTY CULTURE	204090	446090	45.75
WILFRED ACAD OF HAIR & BEAUTY CULT	511065	1192440	42.86
FLORIDA MEMORIAL COLLEGE	815229	1939407	42.03
RAY-MAR BEAUTY COLLEGE	143050	342800	41.73
PINELLAS BEAUTY COLLEGE	125700	302445	41.56
COASTAL TRAINING INST COL OF COSMET	305750	737350	41.47
ROBERT FIANCE INSTITUTE OF FLORIDA	70725	172350	41.04
LARGO BEAUTY ACADEMY	248409	622789	39.89
MANHATTAN BEAUTY SCHOOL	215050	545003	39.46
CHARRON WILLIAMS COLLEGE	230250	584573	39.39
BISCAYNE COLLEGE	74000	187991	39.36
BETHUNE COOKMAN COLLEGE	2058691	5262994	39.12
TITUSVILLE BEAUTY SCHOOL	132650	341475	38.85
FLORIDA COLLEGE OF BUSINESS	1540078	4036898	38.15
WILFRED'S ACA. OF HAIR & BEAUTY CUL	503795	1338575	37.64
UNIVERSAL HAIR STYLING ACADEMY	195509	522316	37.43
ST PETERSBURG VOC TECH INSTITUTE	1082032	2940360	36.80
UNITED COLLEGE	2789623	7694209	36.26
MIAMI-DADE C.C. (NORTH CAMPUS)	778907	2264024	34.40
TOMLINSON ADULT EDUCATION CENTER	117350	344648	34.05
HOLLYWOOD COLLEGE OF BEAUTY CULTURE	299500	895223	33.46
NATIONAL SCH OF TECHNOLOGY	894090	2737406	32.66
PAN AMERICAN BEAUTY SCHOOL	298750	936500	31.90
FLA AGRICULTURAL & MECH U	2606616	8208178	31.76
INTERNATIONAL TECHNICAL INSTITUTE	376059	1194329	31.49
FLORIDA COLLEGE OF MED & DENT CAREE	1256995	4007134	31.37
PINELLAS VOC TECH INSTITUTE	1004605	3214621	31.25
MIAMI-DADE C.C. (NEW WORLD CTR CMP)	258585	832759	31.05
TAMPA COLLEGE MAIN CAMPUS	4115894	13391230	30.74
FLORIDA CAREER COLLEGE	64700	211450	30.60
MR ARNOLD ROMAR ACADEMY	152811	504061	30.32
SHERDIAN VOCATIONAL CENTER	239300	800694	29.89
ROMAR'S LAKE BEAUTY SCHOOL	71000	240050	29.58
JONES COLLEGE JACKSONVL	2249870	7626130	29.50
FLORIDA COLLEGE OF MED & DENT CAREE	566693	1956076	28.97
MIAMI-DADE CMTY COLLEGE	1230094	4279657	28.74
DAYTONA BCH CMTY COLLEGE	2243892	7921990	28.32
LEWIS M LIVELY AREA VOC-TECH SCHOOL	276894	984765	28.12
RUFFLER HAIR DESIGN COLLEGE	123400	443400	27.83
SOUTH FLORIDA JR COLLEGE	76241	274427	27.78

SCHSTATE=FLORIDA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
INTERNATIONAL ACAD OF HAIR DESIGN	68000	247871	27.43
PENSACOLA JUNIOR COLLEGE	797345	2917998	27.33
NATL EDUCATION CENTER-BROWN INST	654771	2439346	26.84
NORTH TECHNICAL EDUCATION CENTER	46168	172197	26.81
SOUTHERN COLLEGE	808030	3013968	26.81
COLLIER COUNTY VOC-TECH CENTER	63000	235725	26.73
ERWIN AREA VOC TECHNICAL-CENTER	445716	1684035	26.47
FLIGHT SAFETY INTERNATIONAL	141239	534174	26.44
BISCAYNE PARAMEDICAL INSTITUTE	194495	739435	26.30
SUNSTATE COLLEGE OF HAIR DESIGN	198232	757866	26.16
RUFFLER HAIR DESIGN COLLEGE	100750	387130	26.02
NORTH MIAMI BEAUTY SCHOOL	102458	402324	25.47
ATLANTIC VOCATIONAL CENTER	131046	517930	25.30
RIVERSIDE HAIRSTYLING ACADEMY	81140	321969	25.20
FLORIDA KEYS CMTY COLLEGE	99371	400685	24.80
BRADENTON BEAUTY ACADEMY	35225	142075	24.79
MARGATE SCHOOL OF BEAUTY	101250	408750	24.77
HILLSBOROUGH CMTY COLLEGE	1052087	4279822	24.58
FORT LAUDERDALE COLLEGE	499923	2037469	24.54
NATL ED CNTR-BAUDER COL C	1448355	5914435	24.49
LORAINES HAIRSTYLING ACADEMY	184670	769928	23.99
COMPUTECH INSTITUTE	50900	215550	23.61
SOUTHERN TECHNICAL INSTITUTE	372863	1583281	23.55
RUFFLER HAIR DESIGN COLLEGE	150676	643357	23.42
VALENCIA CMTY COLLEGE	1076573	4600021	23.40
ORLANDO COLLEGE	828047	3539713	23.39
CENTRAL FLA CMTY COLLEGE	200890	864292	23.24
SEMINOLE CMTY COLLEGE	424503	1841026	23.06
BREVARD CMTY COLLEGE	1188225	5193052	22.88
MORRIS JC OF BUSINESS	125173	550477	22.74
ROMAR MELBOURNE BEAUTY ACADEMY	55000	246300	22.33
FLA JR COLLEGE JACKSONVL	619301	2779841	22.28
ROMAR HAIRSTYLING ACADEMY	61425	279489	21.98
LEE COUNTY AREA VOC TECH SCHOOL	132136	602276	21.94
PROSPECT HALL COLLEGE	679095	3121525	21.76
ST. THOMAS OF VILL U	1262278	5895835	21.41
INTERNATIONAL FINE ARTS C	310543	1456145	21.33
SANTA FE CMTY COLLEGE	941463	4454411	21.14
MIAMI-DADE C.C. (MED CENTER CAMPUS)	248392	1185472	20.95
INDIAN RIVER CMTY COLLEGE	250728	1200946	20.88
EDISON COMMUNITY COLLEGE	305039	1474620	20.69
WEBBER COLLEGE	176670	857867	20.59
GULF COAST CMTY COLLEGE	205395	998606	20.57
SAINT PETERSBG JR COLLEGE	2468517	12029857	20.52
ROMAR HAIRSTYLING ACADEMY	41300	201325	20.51
UNITED TECHNICAL INSTITUTE	130042	657066	19.79
PASCO-HERNANDO CC	146201	740877	19.73
COLLEGE OF BOCA RATON	319310	1632321	19.56
SNT JOHNS RIVER CMTY COL	66997	343477	19.51
CHARRON WILLIAMS COLLEGE	133892	694300	19.28
CAREER TRAINING INSTITUTE	118640	615550	19.27
ROBINSON BEAUTY SCHOOL	47046	246038	19.12

SCHSTATE=FLORIDA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
KEISER SCHOOL	208295	1098141	18,97
ART INST FT LAUDERDALE	1998891	10556104	18,94
ITS CAREER INSTITUTE	611515	3280505	18,64
JACKSON MEM HOSP SCH OF NURSING	94250	509810	18,49
CHIPOLA JUNIOR COLLEGE	40988	222340	18,43
LAKE CITY CMTY COLLEGE	168199	916023	18,36
FLORIDA TECHNICAL COLLEGE	528807	2891378	18,29
MANATEE JUNIOR COLLEGE	337296	1859402	18,14
BROWARD CMTY COLLEGE	819876	4687939	17,49
UNITED ELECS INST FLORIDA	1065801	6248510	17,06
PALM BEACH JUNIOR COLLEGE	512346	3007676	17,03
NAT ED CTR-TAMP TECH INST	1605482	9487587	16,92
STENOTYPE INSTITUTE OF JACKSONVILLE	98114	579805	16,92
ST PETERSBURG JR COLLEGE CLEARWATER	36449	216809	16,81
CHARRON WILLIAMS COLLEGE OF TAMPA	14625	88615	16,50
SAINT LEO COLLEGE	833192	5219153	15,96
TAMPA,UNIVERSITY OF	1204934	7588486	15,88
NATIONAL TRAINING	803740	5100440	15,76
FLORIDA INTERNATIONAL U	1769851	11383658	15,55
ECKERD COLLEGE	753827	4965647	15,18
LAKE-SUMTER CMTY COLLEGE	47930	317528	15,09
JACKSONVILLE UNIVERSITY	979758	6726700	14,57
MIAMI CHRISTIAN COLLEGE	55343	382155	14,48
TALLAHASSEE CMTY COLLEGE	226658	1574665	14,39
POLK COMMUNITY COLLEGE	89282	626634	14,25
BARRY UNIVERSITY	863429	6067293	14,23
MIAMI, UNIVERSITY OF	9531843	67024271	14,22
MED ARTS TRNG CTR MED ASST PROGRAM	151483	1078620	14,04
NEW COLLEGE	37550	267552	14,03
NORTH FLORIDA,U OF	611656	4528128	13,51
PALM BEACH ATLANTIC COL	166946	1253531	13,32
NATIONAL INSTITUTE OF CAREERS	78625	608792	12,91
FLA ATLANTIC UNIVERSITY	1630252	13003637	12,54
CENTRAL FLORIDA, UNIV OF	4237421	35439305	11,96
WARNER SOUTHERN COLLEGE	138544	1163955	11,90
SOUTH FLORIDA, UNIV OF	5233757	44873834	11,66
ROLLINS COLLEGE	736070	6349658	11,59
FLAGLER COLLEGE	342642	3064610	11,18
RINGLING SCH ART-DESIGN	221236	1982887	11,16
EMBRY-RIDDLE AERON U	4323486	38839185	11,13
STHESTN C ASSEMBLIES GOD	309763	2965268	10,45
NOVA UNIVERSITY	3132421	30147613	10,39
WEST FLORIDA, UNIV OF	735079	7340013	10,01
FLORIDA SOUTHERN COLLEGE	470870	4702812	10,01
FLORIDA STATE UNIVERSITY	6491630	66043762	9,83
FLORIDA INST TECHNOLOGY	2437413	24974098	9,76
FLORIDA, UNIVERSITY OF	7934272	101760293	7,80
LAKELAND COLLEGE OF BUS	28533	376873	7,57
NEW ENGLAND INSTITUTE OF TECHNOLOGY	50000	779453	6,41
UNIV OF MIAMI SCH OF MED	425465	7625064	5,58
STETSON UNIVERSITY	736029	13282703	5,54
TOTAL TECHNICAL INSTITUTE	64215	1173225	5,47

SCHSTATE=FLORIDA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
FLORIDA COLLEGE	31500	735849	4.28

SCHSTATE=GEORGIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NATL EDUCATION CENTER-BRYMAN CAMPUS	705077	1981759	35.58
MOREHOUSE COLLEGE	1571235	5472434	28.71
SPELMAN COLLEGE	941786	3693047	25.50
ATLANTA UNIVERSITY	2364622	9640281	24.53
CLARK COLLEGE	1303475	5668854	22.99
PHILLIPS COLLEGE OF ATLANTA	439240	1934709	22.70
ATLANTA COLLEGE OF MED & DENT ASST	434733	2031103	21.40
AMERICAN COLL FOR THE APPLIED ARTS	226920	1086117	20.89
PAINE COLLEGE	313883	1624231	19.33
INTRDENOMINATL THEOL CTR	342453	1779613	19.24
MORRIS BROWN COLLEGE	757932	4084231	18.56
ATLANTA JUNIOR COLLEGE	69911	393568	17.76
RUTLEDGE COLLEGE	31432	183038	17.17
ATLANTA AREA TECHNICAL SCHOOL	92348	630476	14.65
BAUDER FASHION COLLEGE	486827	3332802	14.61
U.R.M. WORD PROCESSING TRAINING SCH	94533	664873	14.22
MUSIC BUSINESS INSTITUTE	151997	1096368	13.86
KERR BUSINESS COLLEGE	167536	1230663	13.61
BRANELL WOMEN'S COLLEGE	239001	1795166	13.31
ART INSTITUTE OF ATLANTA	895174	6884452	13.00
OGLETHORPE UNIVERSITY	223350	1794489	12.45
DEVRY INST TECHNOLOGY	1367702	11580645	11.81
COLUMBIA THEOLOGICAL SEM	39215	336050	11.67
MASSEY BUSINESS COLLEGE	69134	656064	10.54
ATLANTA COLLEGE OF ART	89422	873385	10.24
LIFE CHIROPRACTIC COLLEGE	3313426	32525928	10.19
GUPTON JONES C FUNRL SERV	94715	967238	9.79
TOCCOA FALLS COLLEGE	134395	1629840	8.25
CRANDALL JUNIOR COLLEGE	265808	3258302	8.16
PHILLIPS COLLEGE	102091	1934018	5.28
SAVANNAH STATE COLLEGE	208517	4271860	4.88
ARMSTRONG STATE COLLEGE	131101	2798891	4.68
CONTROL DATA INSTITUTE	45150	1021294	4.42
MERCER U STHN SCHOOL PHAR	115534	2635693	4.38
ALBANY STATE COLLEGE	175291	4614777	3.80
AUGUSTA COLLEGE	67806	2286794	2.97
EMORY UNIVERSITY	1124575	41363887	2.72
DEKALB COMMUNITY COLLEGE	118195	4485333	2.64
GEORGIA STATE UNIVERSITY	682789	26542685	2.57
DRAUGHONS JC	71325	2863725	2.49
GA INST OF TECHN MAIN CAM	605364	26809897	2.26
MERCER U MAIN CAMPUS	287847	13531571	2.13
FORT VALLEY STATE COLLEGE	138448	6845062	2.02
KENNESAW COLLEGE	51049	2564002	1.99
NORTH GEORGIA COLLEGE	84405	4441255	1.90
GA SOUTHWESTERN COLLEGE	80462	4335809	1.86
WEST GEORGIA COLLEGE	166184	9404359	1.77
STHN TECH INST	65737	3798109	1.73
VALDOSTA STATE COLLEGE	177243	10357301	1.71
COLUMBUS COLLEGE	54157	3558711	1.52
GEORGIA,UNIVERSITY OF	1000313	68702992	1.46
BERRY COLLEGE	43267	3122980	1.39

SCHSTATE=GEORGIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ABRAHAM BALDWIN AGRL C	47797	3576230	1.34
GEORGIA SOUTHERN COLLEGE	195581	15835232	1.24
PHILLIPS COLLEGE	42126	3592773	1.17
GEORGIA COLLEGE	50754	6613145	0.77

SCHSTATE=GUAM

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
GUAM, UNIV OF	563461	1654775	34,05

SCHSTATE=HAWAII

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
HAWAII PACIFIC COLLEGE	1645208	3924305	41.92
HAWAII INSTITUTE OF HAIR DESIGN	211690	534137	39.63
HAWAII BUSINESS COLLEGE	275460	807559	34.11
UNIV OF HAWAII WINDWARD CMTY COL	65748	201568	32.62
HAWAII LOA COLLEGE	307601	1021840	30.10
TRENDSETTERS BEAUTY COLLEGE	51000	177000	28.81
UNIV OF HAWAII HILO CAMPUS	889114	3537484	25.13
TRENDSETTERS BEAUTY COLLEGE	186301	745403	24.99
HONOLULU COMMUNITY COL	264814	1072813	24.68
MED ASSIST SCHOOL OF HAWAII	199010	861013	23.11
BRIGHAM YOUNG U-HAWA CAM	469310	2070007	22.67
KAPIOLANI CC	341706	1511668	22.60
LEEWARD CC	214014	1023854	20.90
CHAMINADE U OF HONOLULU	626853	3306638	18.96
MAUI COMMUNITY COLLEGE	53900	355200	15.17
CANNONS INTERNATL BUSINESS COLLEGE	284018	2114305	13.43
HAWAII AT MANOA UNIV OF	2073103	21444069	9.67

SCHSTATE=IOWA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SIOUX EMPIRE COLLEGE	754501	1046805	72,08
AMERICANA BEAUTY ACADEMY	613032	1266192	48,42
YOUNG SCHOOL OF BEAUTY OF WATERLOO	212837	566521	37,57
YOUNG COSMETOLOGY COLLEGE	301889	805215	37,49
SIOUX CITY BARBER COLLEGE	34588	106845	32,37
SALVADOR BEAUTY COLLEGE	112498	371701	30,27
STEWART SCHOOL OF HAIRSTYLING	373788	1256766	29,74
PARSONS COLLEGE	210044	714870	29,38
KEOKUK COSMETOLOGY SCHOOL	84904	294796	28,80
IOWA SCH OF BARBERING & HAIRSTYLING	121450	424185	28,63
STEWART HAIRSTYLING TRAINING CENTER	250713	916793	27,35
CLINTON COMMUNITY COLLEGE	513757	1915235	26,82
INDIAN HILLS COMMUNITY COLLEGE	273495	1073841	25,47
IOWA WESTERN CMTY COL CLARIND CAMP	262986	1055684	24,91
STEWART SCHOOL OF HAIRSTYLING	202782	890088	22,78
LA JAMES COLLEGE OF HAIRSTYLING	40736	179246	22,73
BERNEL COLL OF COSM & APPL SCIENCE	49155	216580	22,70
HAMILTON BUSINESS COLLEGE	1129219	5144553	21,95
WESTERN IOWA TECH	1840214	8582216	21,44
SCOTT COMMUNITY COLLEGE	866668	4107035	21,10
LA'JAMES [illegible]EGE OF HAIRSTYLING	211453	1003396	21,07
STHESTR[illegible] AREA CMTY COL SOUTH	87975	447282	19,67
STHESTRN IOWA AREA CMTY COL NORTH	396667	2024383	19,59
LINCOLN TECH INST	1025638	5363608	19,12
EASTERN IOWA CMTY COL CENTRL OFF	66288	360913	18,37
WILLIAM PENN COLLEGE	483095	2638407	18,31
MUSCATINE CMTY COLLEGE	176308	980845	17,98
AMERICAN INSTITUTE OF COMMERCE	697907	3902299	17,88
CAPRI COSMETOLOGY COLLEGE	232535	1315368	17,68
IOWA WESTERN CMTY COL CTRL OFFICE	1275500	7293126	17,49
LA'JAMES COLLEGE OF HAIRSTYLING	102200	622366	16,42
MARSHALLTWN CMTY COLLEGE	332896	2089698	15,93
BERNEL COLLEGE OF COSMETOLOGY	44184	283677	15,58
IOWA SCHOOL OF BEAUTY	121442	782337	15,52
CAPRI COSMETOLOGY COLLEGE	117558	760903	15,45
HAWKEYE INST TECHNOLOGY	1275602	8482966	15,04
LA JAMES COL OF HAIRSTYLING INC	81775	547905	14,93
ART TECNNICAL COLLEGE	432300	2933578	14,74
SOUTHWESTERN CMTY COLLEGE	289579	1989370	14,56
N IOWA AREA CMTY COLLEGE	721968	5015676	14,39
UPPER IOWA UNIVERSITY	361993	2545733	14,22
NEC-NATL INST TECHN CAM	340695	2426190	14,04
MAHARISHI INTRNATL UNIV	909345	6669738	13,63
ELLSWORTH CMTY COLLEGE	355713	2621001	13,57
MORNINGSIDE COLLEGE	734036	5514222	13,31
KIRKWOOD CMTY COLLEGE	1694971	12876911	13,16
SIMPSON COLLEGE	632152	4926198	12,83
CAPRI COSMETOLOGY COLLEGE	199784	1577362	12,67
DES MOINES AREA CMTY COL CTRL OFF	1561221	12555392	12,43
GRAND VIEW COLLEGE	423741	3505865	12,09
VENNARD COLLEGE	62200	536741	11,59
INDIAN HILLS CMTY COL IOWA TECH	494583	4302841	11,49

SCHSTATE=IOWA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
WESTMAR COLLEGE	365285	3190749	11.45
IOWA LAKES CMTY COL SOUTH CAMPUS	555396	5040448	11.02
DUBUQUE,UNIVERSITY OF	413917	3845910	10.76
IOWA WESLEYAN COLLEGE	314017	2994250	10.49
NTHEST IA TECH INSTITUTE	432725	4144543	10.44
IOWA CENTRAL CC	512488	4919764	10.42
BRIAR CLIFF COLLEGE	393366	3808540	10.33
IOWA TECHNICAL INSTITUTE	96670	944625	10.23
MOUNT SAINT CLARE COLLEGE	95798	948977	10.09
ST JOSEPH MERCY HOSP SCH-NURSING	158412	1588905	9.97
DRAKE UNIVERSITY	2722724	27424042	9.93
NTHWST IOWA TECH C	264647	2724869	9.71
SPENCER SCHOOL OF BUSINESS	261663	2806223	9.32
LA JAMES COL OF HAIRSTYLING INC	42000	459139	9.15
MARYCREST COLLEGE	299916	3286234	9.13
GRACELAND COLLEGE	481165	5272511	9.13
AMERICAN INSTITUTE BUS	564976	6263012	9.02
CORNELL COLLEGE	274924	3092618	8.89
SAINT AMBROSE COLLEGE	467846	5344264	8.75
BUSINESS INSTITUTE OF TECHNOLOGY	95253	1171555	8.13
COE COLLEGE	276178	3471249	7.96
WALDORF COLLEGE	109360	1390576	7.86
PALMER C OF CHIROPRACTIC	3301835	42731078	7.73
CLARKE COLLEGE	177349	2332155	7.60
WARTBURG COLLEGE	387758	5297402	7.32
MOUNT MERCY COLLEGE	236244	3285548	7.19
BUENA VISTA COLLEGE	582240	8196741	7.10
FAITH BAPT BIBLE COLLEGE	108730	1629519	6.67
IOWA, UNIVERSITY OF	6396832	96299936	6.64
GRINNELL COLLEGE	225679	3487847	6.47
NORTHERN IOWA,U OF	2417309	37676792	6.42
CENTRAL U OF IOWA	368316	6014676	6.12
LORAS COLLEGE	316320	5785012	5.47
LUTHER COLLEGE	441737	9285746	4.76
IOWA STATE U SCI & TECHN	3438285	81800213	4.20
NORTHWESTERN COLLEGE	151239	3871175	3.91
OSTEO MED HLTH SCI, U OF	362004	12589474	2.88
DORDT COLLEGE	58000	4117437	1.41

SCHSTATE=IDAHO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NORTHWEST BEAUTY INSTITUTE	117866	260180	45.30
NORTH IDAHO COLLEGE	2330915	5813701	40.09
SOUTHERN IDAHO,COLLEGE OF	941733	2683575	35.09
LEWIS-CLARK ST COLLEGE	1061615	3269553	32.47
ITT TECHNICAL INSTITUTE	1590365	5318647	29.98
EASTERN IDAHO VOC TECH SCHOOL	368492	1502834	24.52
BOISE STATE UNIVERSITY	2968494	12203836	24.32
IDAHO STATE UNIVERSITY	2676808	13398639	19.98
AMERICAN INSTITUTE OF MED-DENT TECH	65569	357647	10.33
RICKS COLLEGE	1155472	6544720	17.66
IDAHO,COLLEGE OF	163950	1065107	15.39
IDAHO, UNIVERSITY OF	2839555	18768760	15.13
NTHWST NAZARENE COLLEGE	315085	2894691	10.88

SCHSTATE=ILLINOIS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
HEALTH CAREERS INSTITUTE	362244	446700	81,09
CITY COL OF CHGO-SOUTHEAST	163641	208271	78,57
VERNIE'S SCHOOL OF BEAUTY CULTURE	4074992	5587517	72,93
CENTRAL YMCA COMMUNITY COLLEGE	570283	783700	72,77
MOTA BUSINESS COLLEGE	3460287	4759767	72,70
SAWYER SECRETARIAL SCHOOLS (THE)	910414	1330706	68,42
ELECTRONICS TECH INST OF ILL INC	1557359	2384296	65,32
ACADEMY OF BEAUTY CULTURE	195908	309159	63,37
MR JOHN'S SCHOOL OF COSMETOLOGY	296823	478987	61,97
SELANS SYSTEM OF BEAUTY CULTURE	154314	249519	61,84
COLLEGE OF AUTOMATION	2986717	4916728	60,75
VOGUE ACADEMY OF BEAUTY CULTURE INC	470117	778049	60,42
MARION ADULT ED & CAREER TRNG CTR	870594	1448359	60,11
WILFRED ACAD OF HAIR & BEAUTY CULT	3351261	5644016	59,38
WILFRED ACAD OF HAIR & BEAUTY CULT	1396253	2415516	57,80
ILLINOIS SCHOOL OF COMMERCE	3826927	6777022	56,47
TRAINCO BUSINESS SCHOOL	4664323	8284028	56,30
CATHRINE COLLEGE	5148007	9146076	56,29
FLAMINGO BEAUTY COLLEGE	40276	72881	55,26
SELANS SYSTEM OF BEAUTY CULTURE	220339	402141	54,79
TAYLOR BUSINESS INSTITUTE	2155529	3968541	54,32
TWIN CITIES SCHOOL OF COSMETOLOGY	46343	87438	53,00
PIVOT POINT BEAUTY SCHOOL	1328844	2517352	52,79
WILFRED ACAD OF HAIR & BEAUTY CULT	1594716	3023448	52,74
AUSTIN SCHOOL OF BEAUTY CULTURE	81950	157587	52,00
CHICAGO SCH OF AUTO TRANSMISSIONS	474880	942407	50,39
COSMETOLOGY TRAINING CENTER	76201	151976	50,14
PENTON'S SCHOOL OF COSMETOLOGY	169950	339824	50,01
STATE CMTY COLLEGE OF EAST ST LOUIS	599267	1208989	49,57
COMMERCIAL TRADES INST-HOME STUDY	63285	128255	49,34
TOM NOLAN'S CHRYSLER ACADEMY SCHOOL	378455	778925	48,59
NATL EDUCATION CENTER-BRYMAN CAMPUS	3239734	6685165	48,46
RITZMILLER BEAUTY COLLEGE	34519	71874	48,03
TREND BEAUTY COLLEG	146342	309617	47,27
D'OR SCHOOL OF COSMETOLOGY	398000	844876	47,11
D'OR BEAUTY ACADEMY	63500	136530	46,51
LA-TEE'S BEAUTY SCHOOL	368284	796748	46,22
RICHLAND CMTY COLLEGE	726012	1575019	46,10
STEPHENS INSTITUTE OF HAIR DESIGN	571198	1240760	46,04
CANNELLA SCHOOL OF HAIR DESIGN	81327	179554	45,29
ILLINOIS MEDICAL TRAINING CENTERS	558056	1283320	43,48
SELANS SYSTEM OF BEAUTY CULTURE	174551	404329	43,17
CITY C CHGO KENNEDY-KING	857920	1990693	43,10
CITY C CHGO MALCOLM X C	435040	1034222	42,06
BRYANT & STRATTON COLLEGE	363891	868853	41,88
SAWYER SCHOOL	48206	115334	41,80
EAST-WEST UNIVERSITY	235539	567054	41,54
CENTRAL ILLINOIS BARBER & BTY CUL	160588	387541	41,44
INSTITUTE OF COIFFURES	68198	165044	41,32
COOK CO SCHOOL OF NURSING	34035	83457	40,78
FLAMINGO BEAUTY COLLEGE	88395	218885	40,38
CORTEZ W PETERS BUSINESS COLLEGE	373723	933099	40,05

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[illegible]	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	% IN DEFAULT [illegible] NOT IN SCHOOL
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SCHSTATE=ILLINOIS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	AS IN DEFAULT OVER AS NOT IN SCHOOL
TRITON COLLEGE	1043920	3756857	27.80
DOYLE SCHOOL OF BEAUTY CULTURE	42272	153469	27.55
CITY C CHICAGO LOOP C	306406	1116570	27.48
REND LAKE COLLEGE	332136	1221465	27.19
NORTHWESTERN BUSINESS COLLEGE	352127	1334256	26.39
PRAIRIE STATE COLLEGE	345109	1307349	26.13
PINSTATE COLLEGE	986100	3822416	25.80
RAY-VOGUE COLLEGE OF DESIGN	556260	2163169	25.72
DUPAGE,COLLEGE OF	1009021	3929412	25.68
SPOON RIVER COLLEGE	550128	2182054	25.30
THORNTON CMTY COLLEGE	395291	1573794	25.12
CITY COL OF CHGO-FENGER STHEAST CAM	58369	232834	25.07
KISHWAUKEE COLLEGE	560701	2260766	24.80
ROOSEVELT UNIVERSITY	3326590	13458451	24.72
MCHENRY COUNTY COLLEGE	114016	465829	24.48
JOHN A LOGAN COLLEGE	385645	1580589	24.40
WAUBONSEE CMTY COLLEGE	274309	1137007	24.13
ART INST CHICAGO, SCH OF	1241302	5153214	24.09
ROCKFORD BUSINESS COLLEGE	149084	619757	24.08
KASKASKIA COLLEGE	552752	2303207	24.00
AMERICAN CONSV OF MUSIC	119604	499809	23.93
FLAMINGO BEAUTY COLLEGE	41845	175844	23.80
IPPOLITO SCHOOL OF COSMETOLOGY	215204	917826	23.45
FLAMINGO BEAUTY COLLEGE	82700	352900	23.44
LAKE COUNTY,COLLEGE OF	425105	1815929	23.41
NATL COL OF EDUCATION URBAN CAMPUS	338945	1459940	23.22
SOUTHEASTERN ILL COLLEGE	296181	1298012	22.82
MORTON COLLEGE	99619	439076	22.69
ILLINOIS EASTERN JC-WABASH VALLEY	306068	1352165	22.64
ILLINOIS EASTERN JC-LINCOLN TRAIL	354175	1569131	22.57
AREA VOC CENTER AT ROCKFORD	71225	326016	21.85
MOLER HAIRSTYLING COLLEGE	176783	814667	21.70
JOLIET TOWNSHIP HI SCH OF PRC NURSG	65805	304910	21.58
ILLINOIS EASTERN JC-OLNEY CENTRAL	322525	1498078	21.53
KANKAKEE CMTY COLLEGE	254672	1185897	21.48
ROCK VALLEY COLLEGE	381235	1828246	20.85
CAPITAL AREA VOCATIONAL CENTER	106701	511702	20.85
MERZING INSTITUTE	22740	110095	20.62
WORSHAM COLLEGE OF MORTUARY SCIENCE	179175	875619	20.46
HARRINGTON INST OF INTERIOR DESIGN	165085	810182	20.38
WM RAINEY HARPER COLLEGE	439703	2165912	20.30
INTERNATL ACAD OF MERCHAND & DESIGN	381918	1888924	20.22
QUINCY TECHNICAL SCHOOLS (THE)	159650	793295	20.12
LAKE LAND COLLEGE	808924	4026093	20.09
SPRINGFLD COLLEGE IN ILL	64752	324214	19.97
MUNDELEIN COLLEGE	494242	2487775	19.87
JOLIET JUNIOR COLLEGE	416546	2101323	19.82
CITY COL OF CHGO -CITY WIDE CAMPUS	83328	423217	19.69
AVIATION TRAINING ENTERPRISES INC	46500	237314	19.59
CAPRI-GARFIELD RIDGE SCH OF BTY CUL	50000	257406	19.42
BLACK HAWK C QUAD-CITIES	637594	3384220	18.84
ILLINOIS VLY CMTY COLLEGE	261530	1398608	18.70

SCHSTATE=ILLINOIS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MORAINE VLY CMTY COLLEGE	225160	1211384	18.59
SANGAMON STATE UNIVERSITY	1041186	5693151	18.29
CONTROL DATA INSTITUTE	810488	4457523	18.18
ROBERT MORRIS COLLEGE	2937247	16165297	18.17
OAKTON COMMUNITY COLLEGE	117043	647274	18.08
VANDERCOOK C OF MUSIC	109630	607760	18.04
STHN ILLINOIS U EDWARDSVL	4343135	24445487	17.77
AUGUSTANA HOSP & HCC- SCH OF NUR	90850	513902	17.68
GEM CITY COLLEGE SCH OF HOROLOGY	232074	1343600	17.27
ILLINOIS MASONIC HOSP SCH OF NURS	73300	432000	16.97
BARAT COLLEGE	233886	1400192	16.70
DECATUR AREA VOCATIONAL CENTER	75306	455605	16.53
SOUTH CHICAGO CMTY HOSP SCH NURSING	63750	391125	16.30
NATL COLLEGE ED	1744636	10875719	16.04
PARKLAND COLLEGE	1152071	7380568	15.61
MCKENDREE COLLEGE	374791	2414824	15.52
LEWIS UNIVERSITY	1274420	8221708	15.50
CHICAGO-KENT COLLEGE OF LAW	26950	176873	15.24
GEORGE WILLIAMS COLLEGE	917156	6031129	15.21
DEVRY INST OF TECHNOLOGY	211557	1398794	15.12
DEVRY INST OF TECH RESIDENT SCHOOL	4618822	30622416	15.08
HIGHLAND CMTY COLLEGE	141710	940700	15.06
STHN ILLINOIS U CARBONDL	10430369	72450312	14.39
ARLINGTON ACAD OF BEAUTY CULTURE	90396	628663	14.38
MORRISON INST OF TECHN	242382	1742487	13.91
AURORA UNIVERSITY	398497	2904162	13.72
MACCORMAC COLLEGE	177266	1303103	13.60
JUDSON COLLEGE	335788	2499936	13.43
ST MARY OF NAZARETH HOSP SCH NURSE	111867	836363	13.38
CHICAGO THEOLOGICAL SEM	94026	711243	13.22
ILL AT CHICAGO, U OF	4279116	32601360	13.13
KELLER GRADUATE SCHOOL OF MGMT.	415926	3197847	13.01
EVANSTON HOSP SCH OF NURSING	72207	562293	12.84
FIRST BUSINESS SCHOOLS	40250	320967	12.54
MACMURRAY COLLEGE	250624	2004685	12.50
EUREKA COLLEGE	220896	1801165	12.26
NILES COLLEGE	31462	256713	12.26
BLACKBURN COLLEGE	157665	1286560	12.25
SAINT XAVIER COLLEGE	354288	3020849	11.73
DEPAUL UNIVERSITY .	3842080	32780863	11.72
AMERICAN ACADEMY OF ART	210812	1823853	11.56
LAKE FOREST COLLEGE	285561	2470615	11.56
BRADLEY UNIVERSITY	2151857	19068372	11.28
WESTERN ILL UNIVERSITY	4013773	35910792	11.18
KNOX COLLEGE	323496	2911340	11.11
MONMOUTH COLLEGE	278150	2565264	10.84
ELMHURST COLLEGE	745772	6881664	10.84
QUINCY COLLEGE	382972	3553628	10.78
OLIVET NAZARENE COLLEGE	1092807	10253439	10.66
ROSARY COLLEGE	416090	3934212	10.58
LINCOLN CHRISTIAN COLLEGE	172093	1636836	10.51
RAVENSWOOD HOSP SCH OF NURSING	73969	714363	10.35

SCHSTATE=ILLINOIS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ILLINOIS INST TECHNOLOGY	2149692	20984894	10.24
NORTH CENTRAL COLLEGE	400244	3926936	10.19
LOYOLA UNIV OF CHICAGO	3432452	34364640	9.99
GREENVILLE COLLEGE	269493	2705752	9.96
SAINT FRANCIS, COLLEGE OF	200276	2063225	9.71
ILL BENEDICTINE COLLEGE	329615	3418611	9.64
ILLINOIS STATE UNIVERSITY	4679629	49074828	9.54
NORTH PARK C & THEOL SEM	365211	3901884	9.36
METROPOLITAN SCHL OF BUSINESS	44845	484492	9.26
JOHN MARSHALL LAW SCHOOL	1900037	20613203	9.22
NORTHERN ILL UNIVERSITY	5701796	62793287	9.08
EASTERN ILL UNIVERSITY	2386015	28320515	8.43
GARRETT-EVANGELICAL THEOLOGICAL SEM	102543	1231147	8.33
SPARKS COLLEGE	44490	543455	8.19
ST FRANCIS HOSP SCH OF NURSING	58676	747649	7.85
ROCKFORD COLLEGE	199963	2597091	7.70
MILLIKIN UNIVERSITY	408095	5312624	7.68
AUGUSTANA COLLEGE	606609	7962589	7.62
EVANGELICAL SCH OF NURSING	30600	407471	7.51
CONCORDIA COLLEGE	205026	2770767	7.40
PARKS C OF ST LOUIS U	446939	6247306	7.15
ILLINOIS COLLEGE	175050	2554065	6.85
NATL COLLEGE CHIROPRACTIC	1501880	21953317	6.84
ST ANTHONY HOSP SCH OF NURSING	30252	449582	6.73
DR WM SCHOLL C PODIATRIC	845412	12974575	6.52
TRINITY CHRISTIAN COLLEGE	84929	1309654	6.48
ILL WESLEYAN UNIVERSITY	309930	4839656	6.40
TRINITY COLLEGE	137474	2148148	6.40
ROBERT MORRIS COLLEGE	18000	284749	6.32
LUTH SCH THEOLOGY CHICAGO	64000	1119766	5.72
ILL URBANA CAMPUS, U OF	5564251	97649882	5.70
SOUTHERN ILL UNIV SCH OF MEDICINE	176002	3122003	5.64
UNIV OF ILL MEDICAL CTR CHICAGO	1150081	20645270	5.57
PRINCIPIA COLLEGE	113293	2055860	5.51
CHICAGO,UNIVERSITY OF	2609453	47787574	5.46
NORTHWESTERN UNIVERSITY	1561249	32366929	4.82
RUSH UNIVERSITY	507196	10668329	4.75
HLTH SCI-CHGO MEDL SCH,U	337158	7938357	4.25
CHGO C OSTEOPATHIC MED	271973	6502863	4.18
LOYOLA UNIVERSITY STRICH SCH OF MED	258491	6512170	3.97
WHEATON COLLEGE	315090	9356926	3.37
NORTHWESTERN UNIVERSITY CHGO CAMPUS	595245	23404010	2.54
TRINITY EVANGELCL DIV SCH	62309	2763299	2.26
ILL COLLEGE OF OPTOMETRY	181834	10773674	1.69

SCHSTATE=INDIANA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NATIONAL BARBER SCHOOL	187350	415858	45.05
JOHN AMICO SCHOOL OF HAIR DESIGN	57635	167825	34.34
IN VOC TEC COL NORTHWEST TEC INST	664859	2054065	32.47
INDIANA BARBER COLLEGE	147159	520390	28.28
DON ROBERTS HAIR DESIGNING ACADEMY	99603	383200	25.99
IND VOC TEC C-CE IN TE IN	1000390	3878803	25.79
INDIANA STATE BEAUTY COLLEGE	65750	260764	25.21
ODESSA'S COLLEGE OF BEAUTY CULTURE	40126	161026	24.92
IN VOC TEC COL	388609	1835383	21.17
IND VOC TEC C-COLUM TE IN	614470	3271643	18.78
PORTER COLLEGE	40859	229639	17.79
NORTHWOOD INSTITUTE	74898	433447	17.28
LOWELL BEAUTY COLLEGE	49289	297474	16.57
IN VOC TEC COL	64532	395480	16.32
MICHAEL'S INDIANAPOLIS BTY COLLEGE	46588	299095	15.58
INDIANA U NORTHWEST	605997	3905583	15.52
SAWYER COLLEGE OF BUSINESS	305980	1990008	15.37
VINCENNES BEAUTY COLLEGE INC	26400	173401	15.22
NEW TREND BEAUTY SCHOOL INC.	55250	367029	15.05
APEX SCHOOL OF BEAUTY CULTURE INC	38592	258118	14.95
CLARK COLLEGE	346817	2359555	14.70
ELKHART INSTITUTE OF TECHNOLOGY	52137	357751	14.57
CALUMET COLLEGE	128962	887731	14.53
IND VOC TEC C-STHCE TE IN	313470	2282164	13.74
INDIANA INST TECHNOLOGY	246950	1904809	12.96
IN VOC TEC COL	127285	993650	12.81
LINCOLN TECHNICAL INSTITUTE	1632177	12966471	12.59
OAKLAND CITY COLLEGE	383231	3177737	12.06
TRANSPORT CAREERS-HOME STUDY	391237	3404875	11.49
CREATIVE BEAUTY ACADEMY	36691	322228	11.39
HERRON SCHOOL OF ART	515928	4795385	10.76
SAINT JOSEPH'S COLLEGE	535037	5119806	10.45
CHRISTIAN THEOLOGICAL SEM	62388	610468	10.22
IND VOC TEC C-NE TE IN	215899	2144200	10.07
IND VOC TEC C-NW VY TE IN	197164	1987724	9.92
LOCKYEAR COLLEGE	200999	2047176	9.82
PURDUE U CALUMET CAMPUS	470173	4997884	9.41
IND VOC TEC C-SW TEC IN	198625	2120870	9.37
PURDUE U NORTH CEN CAMPUS	136740	1497669	9.13
INDIANA BUSINESS COLLEGE	97485	1074665	9.07
ARISTOTLE COL OF MED & DENT TECH	171285	2009698	8.52
INDIANA STATE UNIV	2317319	27797250	8.34
SAINT MARY-OF-THE-WOODS C	137481	1677902	8.19
MARION COLLEGE	382754	4731958	8.09
RAVENSCROFT BEAUTY COLLEGE	43371	545746	7.95
ANDERSON COLLEGE	771985	9776053	7.90
ITT TECHNICAL INSTITUTE	963901	12505534	7.71
TRI-STATE BEAUTY SCHOOL	38920	521184	7.47
MARIAN COLLEGE	244724	3292561	7.43
COMMONWEALTH BUSINESS COLLEGE	51714	704148	7.34
IND VOC TEC C-KOKO TE IN	47300	664817	7.11
FRANKLIN COLLEGE INDIANA	148966	2155590	6.91

SCHSTATE=INDIANA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
IND VOC TE C-NTHCEN TE IN	50388	749537	6.72
BETHEL COLLEGE	105942	1598206	6.63
IND VOC TEC C-LAF TE IN	135537	2057534	6.59
INDIANA U SOUTHEAST	275431	4227832	6.51
VINCENNES UNIVERSITY	891613	14032756	6.35
ITT BUSINESS INSTITUTE	123595	1980647	6.24
INDIANA U AT SOUTH BEND	184994	3124772	5.92
WABASH COLLEGE	139611	2483552	5.62
BUTLER UNIVERSITY	503396	8981381	5.60
PROFESSIONAL CAREERS INSTITUTE	231325	4172732	5.58
ITT TECHNICAL INSTITUTE	208085	3757005	5.58
EARLHAM COLLEGE	201193	3738761	5.39
VALPARAISO UNIVERSITY	984023	18418971	5.34
INDIANA CEN UNIVERSITY	321498	6059938	5.31
ITT TECH INST-FT. WAYNE	500997	9715615	5.16
BALL STATE UNIVERSITY	2636350	51327690	5.14
PURDUE UNIV FORT WAYNE CENTER	378986	7446671	5.09
INDIANA U BLOOMINGTON	5383090	106100475	5.07
SAINT FRANCIS COLLEGE	105612	2087655	5.06
INDIANA U AT KOKOMO	89019	1785661	4.99
IND-PURDUE U INDIANAPOLIS	1360037	29810598	4.56
DEPAUW UNIVERSITY	299678	6609609	4.53
TRI-STATE UNIVERSITY	287509	7001066	4.11
EVANSVILLE,UNIVERSITY OF	800313	12211102	4.10
NOTRE DAME, UNIVERSITY OF	1763651	45362665	3.89
HUNTINGTON COLLEGE	85917	2497922	3.44
UNIVERSITY OF SOUTHERN INDIANA	156011	4682107	3.33
SAINT MARY'S COLLEGE	243571	7398514	3.29
GRACE COLLEGE	191331	5861610	3.26
MANCHESTER COLLEGE	175098	5551153	3.15
HANOVER COLLEGE	105028	3385004	3.10
FORT WAYNE BIBLE COLLEGE	49243	1660966	2.96
TAYLOR UNIVERSITY	180550	6325646	2.85
PURDUE U	2138686	82290903	2.60
INTERNATIONAL BUSINESS C	132200	5174055	2.56
GOSHEN COLLEGE	153932	6716690	2.29
ROSE-HULMAN INST OF TECH	106707	6081986	1.75

SCHSTATE=KANSAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SALI CITY BUSINESS COLLEGE	164685	216875	75,94
DONNELLY COLLEGE	1349436	2202912	61,26
SOUTHEAST KANSAS AREA VOC TECH SCH	149832	299659	50,00
GENL BLAKE SCHOOL OF HAIRSTYLING	240305	498533	48,20
WICHITA BUSINESS COLLEGE	1470521	3091336	47,57
CLIMATE CONTROL INSTITUTE	579245	1358494	42,63
ELECTRONIC COMPUTER PROGRAMING INST	280276	721266	38,86
COFFEYVL CMTY COLLEGE	225143	596374	37,75
CLARK COLLEGE	143025	384168	37,23
CENTRAL COLLEGE INC	590559	1643442	35,93
KANSAS CITY KANS CMTY C	1082684	3047176	35,53
WICHITA AREA VOC TECH SCHOOL	1144803	3316143	34,52
COWLEY CO CMTY COLLEGE	273701	806306	33,95
TOPEKA TECHNICAL COLLEGE	628790	1852531	33,94
CENTRAL KANSAS AREA VOC TECH SCHOOL	119965	357176	33,59
BRYAN INSTITUTE	1836545	5825085	31,53
LIBERAL AREA VOC TECH SCHOOL	159840	509702	31,36
INDEPENDENCE CMTY COLLEGE	335927	1082819	31,02
NEOSHO CO CMTY COLLEGE	190792	616008	30,97
LABETTE CMTY COLLEGE	342846	1118386	30,66
FT SCOTT CMTY COLLEGE	528762	1735459	30,47
PRATT CMTY COLLEGE	215120	728760	29,52
HAYS HAIRDRESSING SCHOOL	71896	246922	29,12
KANSAS SCHOOL OF HAIR DESIGN	48610	169082	28,75
PLATT COLLEGE	1334556	4710307	28,33
BUTLER CO CMTY COLLEGE	580763	2081872	27,90
VERNONS KANSAS SCH OF COSMETOLOGY	257746	939415	27,44
GARDEN CITY CMTY COLLEGE	344523	1262482	27,29
FLINT HILLS AREA VOC TECH SCHOOL	179342	664650	26,98
SIDNEYS HAIRDRESSING COLLEGE INC	113304	423630	26,75
KAW AREA VOC TECH SCHOOL	321479	1202160	26,74
HUTCHINSON CMTY COLLEGE	444148	1670909	26,58
NORTHEAST KANSAS AREA VOC TECH SCH	96028	362863	26,46
SOUTHWEST KANSAS AREA VOC TECH SCH	66895	257045	26,02
KANSAS WESLEYAN	656167	2522905	26,01
HIGHLAND CMTY COLLEGE	123762	478239	25,88
COLLEGE OF EMPORIA	103486	408916	25,31
HAYS HAIRDRESSING SCHOOL	58859	238998	24,63
OTTAWA UNIVERSITY	670454	2754711	24,34
EMPORIA SCHOOL OF HAIR STYLING	54601	227454	24,01
PROFESSIONAL BEAUTY COLLEGE	49655	208323	23,84
KANSAS CITY AREA VOC-TECH SCHOOL	82061	357520	22,95
COLLEGE OF HAIR DESIGN	53448	234782	22,76
SAINT MARY COLLEGE	464960	2049497	22,69
ALLEN CO CMTY COLLEGE	85416	399987	21,35
DODGE CTY CMTY COLLEGE	262477	1243181	21,11
BROWN-MACKIE SCHOOL OF BUSINESS	953597	4551256	20,95
SALINA AREA VOC TECH SCHOOL	325220	1561869	20,82
JOHNSON CO CMTY COLLEGE	663022	3203601	20,70
CRAWFORD COLLEGE	139772	688746	20,29
NORTHWEST KANSAS AREA VOC TECH SCH	401371	1989823	20,17
CRUMS BEAUTY SCHOOL	199487	990538	20,14

SCHSTATE=KANSAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
BAKER UNIVERSITY	608552	3056519	19.91
ANTECH INSTITUTE	790233	3988363	19.81
SOUTHWESTERN COLLEGE	499288	2649884	18.84
MANHATTAN AREA VOC TECH SCHOOL	240852	1290324	18.67
FRIENDS UNIVERSITY	513973	2754071	18.66
KANSAS TECHNICAL INST	424138	2321718	18.27
BARTON CO CMTY COLLEGE	201034	1106429	18.17
PITTSBURG ST UNIVERSITY	2915306	16087292	18.12
KANSAS NEWMAN COLLEGE	506450	2814964	17.99
CENTRAL COLLEGE	263190	1466415	17.95
MANHATTAN CHRSTN COLLEGE	84107	491056	17.13
CAPITOL CITY BARBER COLLEGE	63416	371590	17.07
WICHITA STATE UNIVERSITY	4313558	25367535	17.00
FRIENDS BIBLE COLLEGE	66648	403922	16.50
COLBY COMMUNITY COLLEGE	226461	1370116	16.43
ACADEMY OF HAIR DESIGN INC	58906	365295	16.13
WASHBURN UNIV OF TOPEKA	3634801	23975152	15.16
MARYMOUNT COLLEGE KANSAS	433802	2893713	14.99
MID-AMERICA NAZARENE C	980420	6585035	14.89
STERLING COLLEGE	223172	1530234	14.58
CLOUD CO CMTY COLLEGE	174582	1219878	14.31
EMPORIA STATE UNIVERSITY	1648168	11586567	14.22
MCPHERSON COLLEGE	340186	2435566	13.97
NORTH CENTRAL KANSAS AREA VOC TECH	285298	2188067	13.04
SEWARD CO CMTY COLLEGE	54285	450202	12.06
SAINT JOHN'S COLLEGE	92107	783980	11.75
KANSAS MAIN CAMPUS U OF	8598333	73790985	11.65
BETHEL COLLEGE	322148	2799575	11.51
KANSAS ST U AGR & APP SCI	7398681	69098142	10.71
SAINT MARY PLAINS COLLEGE	376558	3555925	10.59
BENEDICTINE COLLEGE	292695	3065515	9.55
WICHITA TECHNICAL INSTITUTE	62223	654149	9.51
FORT HAYS ST UNIVERSITY	1168835	12756685	9.16
BETHANY COLLEGE	259375	2837905	9.14
STORMONT-VAIL HOSP SCH OF NURSING	74788	902179	8.29
TABOR COLLEGE	118310	1688384	7.01
HESSTON COLLEGE	236303	3814296	6.20
UNIV OF KS COL OF HEALTH C HOSPITAL	140718	3852378	4.17
UNIV OF KANSAS SCH OF MED	147932	9836574	1.71

SCHSTATE=KENTUCKY

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
KENTUCKY STATE UNIVERSITY	389068	1250816	31.11
LOUISVILLE COL. OF MED & DENT ASST.	391492	1629104	24.03
DRAUGHON'S JR COL OF BUS	410613	1758371	23.35
KY DOE WEST KENTUCKY STATE VOC TEC	49043	245173	20.00
LEES COLLEGE	19240	112906	17.04
KENTUCKY COLLEGE OF BUSINESS	115663	769679	15.03
WATTERSON COLLEGE	766602	5221637	14.68
UNION COLLEGE	131603	1264546	10.41
BOWLING GREEN JC OF BUS	120545	1521664	7.92
KENTUCKY WESLEYAN COLLEGE	91108	1274299	7.15
KY CHRISTIAN COLLEGE	116148	1725378	6.73
ASBURY COLLEGE	302403	4595644	6.58
MURRAY STATE UNIVERSITY	644407	10173786	6.33
UNIV OF KY CC SYS-PADUCAH CC	20628	326877	6.31
SPENCERIAN COLLEGE	68103	1231321	5.54
NATL ED CTR -KY COL TECHN	124158	2340276	5.31
MOREHEAD STATE UNIVERSITY	423606	8439485	5.02
SULLIVAN JC BUSINESS	123599	2496002	4.95
BELLARMINE COLLEGE	87799	1784524	4.92
OWENSBORO JC BUS	44700	1000543	4.47
EASTERN KY UNIVERSITY	552163	14735540	3.75
CAMPBELLSVILLE COLLEGE	41551	1136149	3.66
LOUISVILLE,UNIVERSITY OF	455456	12914096	3.53
METS ELECTRONIC INSTITUTE	82804	2530094	3.27
CUMBERLAND COLLEGE	85140	2623509	3.25
WESTERN KY UNIVERSITY	371602	11578779	3.21
KENTUCKY,UNIVERSITY OF	781446	25693268	3.04
GEORGETOWN COLLEGE	67339	2469035	2.73
NORTHERN KENTUCKY UNIV	107830	4975450	2.17

SCHSTATE=LOUISIANA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
EVE'S COLLEGE OF HAIRSTYLING	214000	564430	37.91
AMERICO TECHNICAL CAREERS INSTITUTE	1055099	3003518	35.13
WESTBANK BUSINESS COLLEGE	473443	2343955	20.20
DELTA CAREER COLLEGE	729794	3653046	19.98
AUDUBON COLLEGE	103225	542667	19.02
INSTITUTE OF ELECTRONIC TECHNOLOGY	130000	683760	19.01
COMMERCIAL COLLEGE OF BATON ROUGE	90724	492423	18.42
COMMERCIAL COLLEGE OF SHREVEPORT	100375	574040	18.18
SOUTHERN TECHNICAL COLLEGE	824637	4723656	17.46
DILLARD UNIVERSITY	456693	3577769	12.76
MEADOWS-DRAUGHON COLLEGE	120000	1099911	10.91
NEW ORLS BAPT THEOL SEM	62887	580749	10.83
CONTROL DATA INSTITUTE	45000	418760	10.75
DELTA COLLEGE	510702	5044042	10.12
GRAMBLING STATE UNIV	1062918	14403626	7.38
XAVIER UNIVERSITY OF LA	279879	4259279	6.57
LOUISIANA BUSINESS COLLEGE	150045	2521489	5.95
SOUTHERN UNIV & A&M COL	1173890	20378991	5.76
DELTA SCHOOL OF BUSINESS	70938	1459257	4.86
PHILLIPS C GREATER ORLS	391859	8097537	4.84
DRAUGHON BUSINESS COLLEGE	114000	2478334	4.60
TULANE U OF LOUISIANA	1175785	30959024	3.80
DELTA SCHOOL OF BUSINESS	40388	1382586	2.92
LOYOLA U IN NEW ORLEANS	507198	18802438	2.70
CENTENARY C OF LOUISIANA	33185	1474009	2.25
MCNEESE STATE UNIVERSITY	85711	5282035	1.62
NORTHEAST LOUISIANA U	157654	11287562	1.40
NEW ORLEANS,UNIVERSITY OF	171447	14665507	1.17
LOUISIANA TECH UNIVERSITY	186273	17035542	1.09
NTHWSTN ST U OF LA	75329	7034800	1.07
STHWSTN LOUISIANA,U OF	148435	14310426	1.04
LA STATE U AND A&M C	524657	51412663	1.02
STHESTN LA UNIVERSITY	54775	10872855	0.50

SCHSTATE=MASSACHUSETTS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MASSACHUSETTS RADIO & ELECTRON SCH	98211	144193	68.11
BOSTON STATE COLLEGE	888264	730409	66.88
BLAINE HAIR SCHOOL	583504	875281	66.66
LELAND POWERS SCHOOL	110590	172030	64.29
LOWELL STATE COLLEGE	318228	538017	59.15
SABINA'S BEAUTY ACADEMY	368433	721139	51.09
MASSACHUSETTS SCHOOL OF BARBERING	480330	960094	50.03
ANDOVER INSTITUTE OF BUSINESS	173626	348116	49.88
BOSTON CITY HOSP SCH OF PRAC NURSIN	364239	795467	45.79
WILFRED ACAD OF HAIR & BEAUTY CULT	3354428	7404484	45.30
MASS SCH OF BARBERING & HAIRSTYLING	109100	255317	42.76
SABINA'S BEAUTY SCHOOL	238203	564401	42.20
HICKOX SCHOOL	408462	982344	41.58
GRAHM JUNIOR COLLEGE	775256	1900861	40.78
BLAINE HAIR SCHOOL	1390958	3418569	40.69
EMERY SCHOOL	88075	217700	40.46
FALL RIVER BEAUTY ACADEMY	104406	259105	40.29
MANSFIELD BEAUTY ACADEMY	319235	814660	39.19
ROXBURY COMMUNITY COLLEGE	538221	1392033	38.66
ITT TECHNICAL INSTITUTE	2276556	5920796	38.45
ANDOVER TRACTOR TRAILER SCHOOL(HSP)	123126	334332	36.83
BROMS BARBER SCHOOL	52880	143841	36.76
WILFRED ACAD OF HAIR & BEAUTY CULT	829914	2305624	36.00
NATL EDUCATION CENTER-BRYMAN CAMPUS	1500000	4463173	33.61
NEW STYLE BARBER SCHOOL	112129	341960	32.79
BAY STATE JC OF BUS	1671607	5241654	31.89
BROMS ACADEMY OF HAIRDRESSING	182971	606648	30.16
BROMS BARBER SCHOOL	103972	345542	30.09
HENRIS SCHOOL OF HAIR DESIGN INC	152744	511822	29.84
PEDIGREE PROF SCH OF DOG GROOMING	345698	1158758	29.83
ATLANTIC UNION COLLEGE	1464069	5180732	28.26
NEW ENGLAND TRACTOR TRAILER TRNG	1006151	3655461	27.52
MANSFIELD BEAUTY ACADEMY INC	91925	334709	27.46
CHAMBERLAYNE JR COLLEGE	1187233	4392552	27.03
NEWTON PUBLIC SCHOOLS	31445	117655	26.73
MANSFIELD BEAUTY ACADEMY INC	293531	1115071	26.32
RADIO ELECTRONIC TELEVISION INC	722822	2761689	26.17
BRISTOL COMMUNITY COLLEGE	975027	3745961	26.03
NORTHEAST BROADCASTING SCHOOL	480282	1875792	25.60
BUSINESS EDUCATION INSTITUTE	918696	3596211	25.55
MASSASOIT CMTY COLLEGE	1339390	5326701	25.14
NEWBURY JUNIOR COLLEGE	2799589	11153068	25.10
BERKSHIRE CMTY COLLEGE	713527	2936622	24.30
MASS AT BOSTON MA,U OF	8082584	33393351	24.20
HEAD HUNTER II SCH OF HAIR DESIGN	216607	897811	24.13
QUINSIGAMOND CMTY COLLEGE	811715	3406008	23.83
ELEANOR F ROBERTS INSTITUTE, INC	177996	756870	23.52
SPRINGFIELD TECHNICAL CC	1338861	5693479	23.52
MT WACHUSETT CMTY COLLEGE	693730	2995659	23.16
ELOISE'S SCHOOL OF BEAUTY	138066	602505	22.92
MUSEUM FINE ARTS,SCH OF	874353	3818984	22.89
MANSFIELD BEAUTY ACADEMY	105511	466346	22.63

SCHSTATE=MASSACHUSETTS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NORTHAMPTON JUNIOR COLLEGE	39040	173035	22.56
YOUVILLE HOSPITAL SCH OF PRACT NURS	52354	234278	22.35
CAMBRIDGE COLLEGE INST OF OPEN EDUC	1127192	5055689	22.30
NORTHEAST INST OF INDUSTRIAL TECH	924521	4165526	22.19
COYNE ELECTRICAL & TECHNICAL SCHOOL	51430	232274	22.15
BERKLEE COLLEGE OF MUSIC	4157882	18919835	21.98
WORCESTER JUNIOR COLLEGE	379175	1740936	21.78
BUNKER HILL CMTY COLLEGE	560643	2578991	21.74
NEWTON COLLEGE	40140	187790	21.37
FISHER JUNIOR COLLEGE	1940623	9103669	21.32
BRYANT-STRATTON COMMERCIAL SCHOOL	236610	1119239	21.14
NORTH SHORE CMTY COLLEGE	775480	3757855	20.64
QUINCY BEAUTY ACADEMY INC	51819	252515	20.52
GREENFIELD CMTY COLLEGE	626299	3062012	20.45
SOUTHEASTERN REGIONAL TECH INST	76264	376592	20.25
SWAIN SCHOOL OF DESIGN	297277	1473311	20.18
BOSTON CONSV	813066	4082373	19.92
BOJACK LTD ACAD OF BEAUTY CULTURE	70250	355575	19.76
ART INSTITUTE OF BOSTON	614192	3139244	19.56
NEW ENG INST APP ARTS-SCI	192992	990850	19.48
MASS GEN HOSP SHEPARD-GILL SCH NURS	72450	373349	19.41
DIMAN REGIONAL TECH INSTITUTE	90222	478657	18.85
QUINCY JUNIOR COLLEGE	634867	3395106	18.70
CAPE COD CMTY COLLEGE	848003	4567403	18.57
MOUNT IDA COLLEGE	1190125	6621527	17.97
EMPIRE BEAUTY SCHOOL	67607	377519	17.91
NEW ENGLAND SCHOOL OF ACCOUNTING	112392	627714	17.90
BECKER JC-LEICESTER	97986	551310	17.77
HOLLISTON JUNIOR COLLEGE	117677	666656	17.65
ASSOCIATED TECHNICAL INSTITUTE	600710	3414532	17.59
UNITED TECHNICAL SCHOOLS	205949	1185046	17.38
HOLYOKE COMMUNITY COLLEGE	489485	2855352	17.14
ANDOVER TRACTOR TRAILOR SCHOOL(HSP)	388203	2274074	17.07
NEW ENGLAND SCHOOL OF ART & DESIGN	246673	1448927	17.02
EMERSON COLLEGE	2901573	17051363	17.02
EAST COAST AERO TECH SCHOOL	1535179	9255336	16.59
CHAMBERLAIN SCHOOL OF RETAILING	80415	485030	16.58
ST JOHN'S SCHOOL OF BUSINESS	209147	1266103	16.52
CENTRAL NEW ENG COL TECHN	698479	4268845	16.36
HELLENIC C-HOLY CROSS SCH	153670	951353	16.15
BUTERA SCHOOL OF ART	159164	990583	16.07
MASS COLLEGE OF ART	925187	5889884	15.71
AMERICAN INTRNATL COLLEGE	1868691	12144599	15.39
SALTER SECRETARIAL SCHOOL INC	222593	1476077	15.08
SYLVANIA TECHNICAL SCHOOL	2011269	13386846	15.02
WORCESTER INDUSTRIAL TECH INSTITUTE	70835	472065	15.01
BOSTON ARCH CTR	421097	2816791	14.95
KINYON-CAMPBELL BUSINESS SCHOOL	420154	2811556	14.94
VESPER GEORGE SCHOOL OF ART	78345	525592	14.91
SIMON'S ROCK OF BARD C	146438	1003857	14.59
M FAZIO INST OF BEAUTY CULTURE INC	36598	251201	14.57
NEW ENGLAND SCHOOL OF PHOTOGRAPHY	170550	1176863	14.49

SCHSTATE=MASSACHUSETTS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
DUDLEY HALL CAREER INSTITUTE	75415	522638	14.43
CURRY COLLEGE	816272	5811235	14.05
PINE MANOR COLLEGE	177129	1263404	14.02
DEAN JUNIOR COLLEGE	753685	5376289	14.02
CHANDLER SCHOOL	40405	288872	13.99
BRADFORD COLLEGE	175332	1261358	13.90
EASTERN NAZARENE COLLEGE	967872	6999563	13.83
MASS BAY CMTY COLLEGE	370127	2699278	13.71
NTHN ESSEX CMTY COLLEGE	595350	4365125	13.64
ESSEX AGRICULTURAL & TECH INST	126199	931969	13.54
MONTSERRAT SCHOOL OF VISUAL ARTS	50418	383216	13.16
HAMPSHIRE COLLEGE	821200	6247507	13.14
WORCESTER STATE COLLEGE	1165826	8960804	13.01
BURDETT SCHOOL	970243	7459098	13.01
FRANKLIN INST OF BOSTON	545166	4212366	12.94
ROB ROY BEAUTY SCIENCES ACADEMY	58750	466050	12.61
EMMANUEL COLLEGE	550696	4378813	12.58
CATHERINE HINDS INST OF ESTHETICS	65537	539558	12.15
MELROSE BEAUTY ACADEMY	46048	381382	12.07
NORTHEASTERN UNIVERSITY	18164034	152297824	11.93
CATHERINE LABOURE COLLEGE	641935	5521668	11.63
EPISCOPAL DIVINITY SCHOOL	107215	925161	11.59
PETER B BRIGHAM HOSP SCH OF NURSING	159487	1398112	11.48
SALEM STATE COLLEGE	1864306	16641532	11.20
STHESTN MASS UNIVERSITY	2416166	21737274	11.12
MIDDLESEX CMTY COLLEGE	364496	3394213	10.74
CONTROL DATA INSTITUTE	579857	5434468	10.67
NEW ENG CONSV OF MUSIC	724410	6885909	10.52
WHEELOCK COLLEGE	583218	5565997	10.48
WENTWORTH INSTITUTE	2255741	21593713	10.45
WOMEN'S TECHNICAL INSTITUTE	73706	719517	10.24
BRIDGEWATER STATE COLLEGE	1845941	18126339	10.18
WESTFIELD STATE COLLEGE	1260065	12715681	9.91
SOMERVILLE HOSP SCH OF NURSING	98251	993097	9.89
BERKSHIRE CHRISTIAN C	102966	1044077	9.86
MASSACHUSETTS COLLEGE OF PHARMACY	670430	6993058	9.59
MASS AT AMHERST MA,U OF	13037262	138724986	9.40
LASELL JUNIOR COLLEGE	394099	4246706	9.28
CLARK UNIVERSITY	1101998	12177598	9.05
FITCHBURG STATE COLLEGE	1413305	15663752	9.02
SPRINGFIELD COLLEGE	1831630	20337591	9.01
NORTH ADAMS STATE COLLEGE	1011229	11389068	8.88
SUFFOLK UNIVERSITY	4655232	52485626	8.87
NEW ENGLAND SCHOOL OF LAW	1832031	21399015	8.56
BRANDEIS UNIVERSITY	1382548	16444398	8.41
NICHOLS COLLEGE	495438	5985029	8.28
BOSTON UNIVERSITY	15404050	187290750	8.22
SIMMONS COLLEGE	1924691	23659820	8.13
FRAMINGHAM STATE COLLEGE	884794	11142264	7.94
BECKER JC-WORCESTER	763657	9730319	7.85
ANNA MARIA COLLEGE	372978	4828849	7.72
BLUE HILLS REG TECH INST	154036	2006853	7.68

SCHSTATE=MASSACHUSETTS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
WESTERN NEW ENG COLLEGE	2443252	31929609	7.65
GORDON COLLEGE	576550	7591186	7.60
KATHARINE GIBBS SCHOOL	521708	7009524	7.45
LOWELL,UNIVERSITY OF	2019393	27562002	7.33
REGIS COLLEGE	366677	5055511	7.25
LESLEY COLLEGE	1366062	19061967	7.17
NEW ENGLAND BAPT HOSP SCH NURSING	88440	1283136	6.89
ANDOVER NEWTON THEOL SCH	164681	2392583	6.88
SMITH COLLEGE	1222998	18175624	6.76
ASSUMPTION COLLEGE	695213	10371689	6.70
BOSTON COLLEGE	6150719	92690696	6.64
GORDON-CONWELL THEOL SEM	231665	3493200	6.63
STONEHILL COLLEGE	819987	12752520	6.43
OUR LADY OF ELMS,COLLEGE	241065	3777935	6.38
MARIAN COURT JR C BUS	51768	816439	6.34
MERRIMACK COLLEGE	839979	13651376	6.15
ENDICOTT COLLEGE	303963	4952150	6.14
MASS C PHARM&ALTH SCI	160541	2705105	5.93
BAY PATH JUNIOR COLLEGE	328757	5555717	5.92
WHEATON COLLEGE	394967	6728781	5.87
BENTLEY COLLEGE	2079142	36074950	5.76
TUFTS UNIVERSITY	2384163	42189688	5.65
ST ELIZABETHS HOSP SCH OF NURSING	58770	1066390	5.51
HARVARD UNIVERSITY	4106630	75873664	5.41
AQUINAS JC AT MILTON	120176	2264951	5.31
MASS MARITIME ACADEMY	418103	7884613	5.30
AQUINAS JC AT NEWTON	58762	1129492	5.20
HOLY CROSS,COLLEGE OF THE	661953	12936643	5.12
NEW ENGLAND DEACONESS HOSP SCH NURS	70266	1404736	5.00
MASS INST OF TECHNOLOGY	2061009	43919959	4.69
NEW ENGLAND C OPTOMETRY	353272	8189620	4.32
BABSON COLLEGE	829183	19760964	4.20
NEWTON-WELLESLEY HOSP SCH OF NUR	76421	1875760	4.07
WELLESLEY COLLEGE	337900	8333927	4.06
AMHERST COLLEGE	201606	5162260	3.91
MOUNT HOLYOKE COLLEGE	322092	8600919	3.74
WORCESTER POLY INSTITUTE	663190	17798605	3.73
MASS MED SCH WORCSTR, U OF	267575	8616582	3.18
TUFTS UNIV SCH OF MEDICINE	291837	9398786	3.11
WILLIAMS COLLEGE	235308	7636437	3.08
HARVARD GRADUATE SCH OF BUS ADMIN	397950	20013593	1.99
HARVARD LAW SCHOOL	398417	23425429	1.70

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INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
FREDERICK CMTY COLLEGE	153053	876313	17.93
MD INST COLLEGE OF ART	1249731	6923357	17.42
GARRETT COMMUNITY COLLEGE	96233	550012	17.37
INTERNATIONAL BEAUTY SCHOOL	95210	571706	16.65
CAPITOL INSTITUTE OF TECHNOLOGY	366766	2270709	16.06
ALLEGANY CMTY COLLEGE	521060	3323531	15.68
HAGERSTOWN JUNIOR COLLEGE	220557	1469273	15.56
BALTIMORE,UNIVERSITY OF	2217757	15822291	14.02
MARYLAND UNIV C, UNIV OF	746983	5660217	13.90
MD BALTIMORE CO CAM,U OF	1362671	9886470	13.78
KATHERINE GIBBS SCHOOL	167290	1217792	13.73
VILLA JULIE COLLEGE	257645	2097976	12.28
NOTRE DAME MD,COLLEGE OF	335572	2965903	11.95
PEABODY INST JOH HOPKINS U	214493	1831366	11.69
TOWSON STATE UNIVERSITY	2296293	20070962	11.43
MARYLAND SCH HUMP SCH OF MEDICIN	79791	708972	11.14
SALISBURY STATE COLLEGE	966816	8769072	10.80
SNT MARY'S COLLEGE OF MD	349599	3420032	10.22
SAINT MARY'S SEMINARY & U	103301	1015016	10.13
WASHINGTON BIBLE COLLEGE	108797	1078059	10.09
ST. JOHN'S C MAIN CAM	104026	1060608	9.80
MD COLLEGE PARK CAM,U OF	8807475	92915251	9.48
FROSTBURG STATE COLLEGE	832920	10350608	8.04
WASHINGTON COLLEGE	232160	2939126	7.90
MOUNT SNT MARY'S COLLEGE	730200	10090757	7.32
GOUCHER COLLEGE	356926	4988366	7.23
HAGERSTOWN BUS C	192278	2847251	6.75
JOHNS HOPKINS UNIVERSITY	693836	10376786	6.22
JOHNS HOPKINS UNIV SCH OF HYG & P H	127202	2360988	5.39
HOOD COLLEGE	309869	5893694	5.26
LOYOLA COLLEGE	602239	12092090	5.18
WESTERN MARYLAND COLLEGE	386300	7514320	5.14
MD BALT PROF SCHOOLS,U OF	1934897	40515359	4.78

SCHSTATE=MAINE

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
BEAUTY ACADEMY OF MAINE	55698	153993	36.17
MAINE STATE ACADEMY OF HAIR DESIGN	405902	1184700	34.26
PIERRES SCHOOL OF BEAUTY CULTURE	386134	1211735	31.87
MANSFIELD BEAUTY ACADEMY OF MAINE	109675	417360	26.28
MANSFIELD BEAUTY ACADEMY OF MAINE	189081	849828	22.25
ANDOVER COLLEGE	1116286	5380921	20.75
BANGOR THEOLOGICAL SEM	175195	858641	20.40
RICKER COLLEGE	135382	691140	19.59
MAINE AT AUGUSTA U OF	741527	4295224	17.26
CASCO BAY COLLEGE	354101	2209006	16.03
PORTLAND SCHOOL OF ART	308358	1943377	15.87
MID-STATE BUSINESS COLLEGE	379153	2425076	15.63
WASHINGTON COUNTY VOC TECH INST	293584	1948995	15.06
MAINE AT FORT KENT U OF	289791	1961279	14.78
NASSON COLLEGE	381456	2655205	14.37
BEAL COLLEGE	409696	2986207	13.72
UNITY COLLEGE	385705	2943850	13.10
SOUTHERN MAINE VOC TECH INSTITUTE	675827	5216197	12.96
HUSSON COLLEGE	1401566	10986319	12.76
CENTRAL BEAUTY SCHOOL	61400	484263	12.68
ATLANTIC, COLLEGE OF THE	94307	770006	12.25
MAINE AT MACHIAS U OF	323862	2674265	12.11
UNIV OF SOUTHERN MAINE	3566913	29552849	12.07
MR BERNARDS SCH OF HAIR FASHION INC	106520	938940	11.34
KENNEBEC VLY VOC-TECH	99084	896696	11.05
ME AT PRESQUE ISLE, U OF	384163	3564401	10.78
MAINE AT FARMINGTON U OF	920541	9712399	9.48
NEW ENGLAND, UNIV OF	509317	5573777	9.14
THOMAS COLLEGE	484338	5326832	9.09
EASTERN ME VOC-TECH INST	300327	3419304	8.78
D'LOR BEAUTY SCHOOL	57125	667055	8.56
WESTBROOK COLLEGE	563293	6633302	8.49
SAINT JOSEPH'S COLLEGE	417246	4916733	8.49
NTHN ME VOC TECH INST	250837	2974974	8.43
CENTRAL ME VOC-TECH INST	184726	2243547	8.23
MAINE AT ORONO, U OF	4021755	58793744	6.84
MERCY HOSP SCH OF NURSING	59075	1008105	5.86
CENTRAL MAINE MED CTR SCH NURSING	61753	1173479	5.26
BOWDOIN COLLEGE	266580	5809545	4.59
COLBY COLLEGE	376483	9064264	4.15
MAINE MARITIME ACADEMY	306014	7663895	3.99
BATES COLLEGE	295437	7401967	3.99

SCHSTATE=MICHIGAN

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
INTERNATIONAL DATA PROCESSING INST	417911	424194	98.52
ALLIED CAREERS INSTITUTE	56050	63245	88.62
PAYNE PULLIAM SCH OF TRADE & COMMER	655087	744847	87.95
CAMBRIDGE BUSINESS SCHOOL	4243498	4935715	85.98
INSTITUTE OF COMPUTER TECHNOLOGY	61921	72171	85.80
LEWIS BUSINESS COLLEGE	1543930	1936430	79.73
KALAMAZOO BEAUTY ACADEMY	270001	368939	73.18
KRAINZ WOOD ACADAMY OF MED LAB TECH	585844	830848	70.51
STATE COLLEGE OF BEAUTY-FERNDALE	102450	161400	63.48
DETROIT BUSINESS INSTITUTE	3482613	5511126	63.19
STATE COLLEGE OF BEAUTY	110350	175502	62.88
SHAW COLLEGE	37468	60434	62.00
MACOMB COUNTY CMTY COL MAIN CAMPUS	21792	35422	61.52
DETROIT INSTITUTE OF COMMERCE	1272468	2081532	61.13
STATE COLLEGE OF BEAUTY	36755	61495	59.77
HIGHLAND PK CMTY COLLEGE	966282	1646090	58.70
SAWYER SCHOOL	1016461	1746966	58.18
DETROIT INSTITUTE OF TECHNOLOGY	133191	240264	55.44
STATE COLLEGE OF BEAUTY	41408	76754	53.94
ALMA'S BEAUTY COLLEGE	83900	156500	53.61
ROSS BUSINESS INSTITUTE	573666	1209618	47.43
MICHIGAN COLLEGE OF BEAUTY	27053	57083	47.39
STATE COLLEGE OF BEAUTY	31600	66941	47.21
WELDTECH WELDING EDUCATION CENTER	550607	1193761	46.12
MICHIGAN TECHNICAL INSTITUTE	365235	800107	45.65
MICH CAREER INSTITUTE	1072558	2389510	44.89
MICH TECH REHABILITATION INSTITUTE	132285	295603	44.75
VIRGINIA FARRELL BEAUTY SCHOOL	98026	222189	44.12
ADELPHI TECHNICAL INSTITUTE	761584	1776382	42.87
VIRGINIA FARRELL BEAUTY SCHOOL	62199	145467	42.76
ROSS MEDICAL EDUCATION CENTER	407663	962974	42.33
PONTIAC BUSINESS INSTITUTE	2435554	5780487	42.13
PONTIAC BUSINESS INSTITUTE	498123	1186532	41.98
WAYNE COUNTY CMTY COLLEGE	1019411	2529895	40.29
PONTIAC BUSINESS INSTITUTE	312782	836523	37.39
SOUTHWESTERN MICH COLLEGE	1139334	3136874	36.32
MARYGROVE COLLEGE	774730	2173317	35.65
ADRIAN BEAUTY ACADEMY	58650	166100	35.31
DORSEY BUSINESS SCHOOL	1335269	3856272	34.63
STATE COLLEGE OF BEAUTY	39650	117220	33.83
CHAS S MOTT CMTY COLLEGE	1001300	2989675	33.49
JACKSON BUSINESS INSTITUTE	519077	1554230	33.40
ANN ARBOR BEAUTY ACADEMY	92902	280354	33.14
NORTHEASTERN SCHOOL OF COMMERCE	37451	113733	32.93
ROSS MEDICAL EDUCATION CENTER	172494	524245	32.90
JOHN WESLEY COLLEGE OF OWOSSO	106305	325620	32.65
KALAMAZOO VALLEY CC	1186138	3662939	32.38
MOTECH AUTOMOTIVE EDUCATION CENTER	1502039	4707059	31.91
LAKE MICHIGAN COLLEGE	324361	1048119	30.95
WASHTENAW CMTY COLLEGE	826176	2695923	30.65
MICHIGAN PARAPROFESSIONAL TRNG INST	160125	525539	30.47
LONI-RUD SCHOOL OF HAIR DESIGN	55535	182964	30.35

SCHSTATE=MICHIGAN

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ OUT IN SCHOOL
JORDAN COLLEGE	1058221	3631431	29.14
M J MURPHY BEAUTY COL OF SAGINAW	40749	140190	29.07
ARGUBRIGHT BUSINESS COLLEGE	300970	1055956	28.50
INSTITUTE OF MERCHANDISING & DESIGN	107817	384610	28.03
PARSONS BUSINESS SCHOOL	220362	792601	27.80
DETROIT ENGINEERING INSTITUTE	603300	2180256	27.67
OAKLAND CMTY COL-MAIN CAMPUS	890545	3367347	26.45
LANSING BUSINESS INSTITUTE	59807	227843	26.25
DEBBIE'S SCHOOL OF BEAUTY CULTURE	122610	471885	25.98
CLEARY COLLEGE	293998	1134315	25.92
MUSKEGON CMTY COLLEGE	301135	1165271	25.84
WESTBROOK BEAUTY COLLEGE	26343	105703	24.92
ALPENA COMMUNITY COLLEGE	394926	1591041	24.82
MICH CHRISTIAN COLLEGE	230032	943461	24.38
DAVID PRESSLEY PRO SCH OF COSMETOL	89007	368857	24.13
NATIONAL EDUC CTR-NAT INST OF TECH	2440319	10331602	23.62
GLEN OAKS CMTY COLLEGE	130816	556771	23.50
SCHOOLCRAFT COLLEGE	209852	902860	23.24
PONTIAC BUSINESS INSTITUTE	202660	872032	23.24
MACOMB COUNTY CMTY COL SOUTH CAMPUS	228409	993072	23.00
KIRTLAND CMTY COLLEGE	338388	1490060	22.71
MUSKEGON BUSINESS COLLEGE	610238	2693870	22.65
KELLOGG COMMUNITY COLLEGE	404358	1820957	22.21
SUOMI COLLEGE	613932	2768709	22.17
OLIVET COLLEGE	900236	4075080	22.09
LANSING COMMUNITY COLLEGE	1531156	6950121	22.03
DETROIT COLLEGE OF BUS	480325	2196310	21.87
M J MURPHY BEAUTY COLLEGE LANSING	37442	171380	21.85
HENRY FORD CMTY COLLEGE	547601	2592729	21.12
MONTCALM CMTY COLLEGE	187267	913955	20.49
MERCY COLLEGE OF DETROIT	915950	4509969	20.31
WEST SHORE CMTY COLLEGE	184355	909609	20.27
CHIC UNIVERSITY OF COSMETOLOGY	195731	976214	20.05
CONTROL DATA INSTITUTE	1159583	5789772	20.03
WAYNE STATE UNIVERSITY	8676766	43346917	20.02
EASTERN MICH UNIVERSITY	5959485	30769093	19.37
CARNEGIE INSTITUTE	225120	1164738	19.33
DETROIT,UNIVERSITY OF	5181016	27040254	19.16
CTR CRTV STDIES-C ART DSG	406435	2219087	18.32
ROSS MEDICAL EDUCATION CENTER	225814	1241916	18.18
WILLIAM TYNDALE COLLEGE	47752	262847	18.17
ANDREWS UNIVERSITY	3105366	17121809	18.14
DELTA COLLEGE	971568	5365284	18.11
GOGEBIC COMMUNITY COLLEGE	339471	1935459	17.54
MID MICHIGAN CMTY COLLEGE	298394	1707541	17.48
NATIONAL EDUC CTR-NAT INST OF TECH	606900	3489229	17.39
GREAT LAKES JUNIOR COLLEGE OF BUSINESS	168723	973566	17.33
NORTH CEN MICH COLLEGE	310046	1829919	16.94
SIENA HEIGHTS COLLEGE	673809	4031745	16.71
MADONNA COLLEGE	512412	3078537	16.64
OAKLAND UNIVERSITY	2000696	12158911	16.45
NORTHERN MICH UNIVERSITY	4441589	27130086	16.37

SCHSTATE=MICHIGAN

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MICHIGAN-FLINT,U OF	565531	3539842	15,98
SAGINAW VLY STATE COLLEGE	985309	6188160	15,92
BAY DE NOC CMTY COLLEGE	359068	2358733	15,22
GRAND RAPIDS JR COLLEGE	725474	4892266	14,83
GRAND VALLEY ST COLLEGES	1489266	10127827	14,70
BAKER JUNIOR COLLEGE BUS	360102	2496455	14,42
NORTHWOOD INSTITUTE MAIN CAMPUS	1296332	9144580	14,18
ITT TECHNICAL INSTITUTE	717075	5069878	14,14
SOUTH CENTRAL MICH SCH OF PRA NURSE	30251	215645	14,02
DETROIT COLLEGE OF LAW	1589434	11395414	13,95
WESTERN MICH UNIVERSITY	8018194	58805242	13,64
SPRING ARBOR COLLEGE	626087	4614397	13,57
SPECS HOWARD SCH OF BROADCAST ARTS	61914	464599	13,33
DAVENPORT COLLEGE	1331827	10030749	13,28
NAZARETH COLLEGE	265272	2001583	13,25
MICHIGAN-DEARBORN,U OF	770304	5913189	13,03
MACOMB COUNTY CMTY COL CENTER CAMP	96756	746666	12,96
NORTHWESTERN MICH COLLEGE	642942	5128661	12,54
GREAT LAKES BIBLE COLLEGE	71552	583413	12,26
KENDALL SCH OF DESIGN	373784	3100526	12,06
CRANBROOK ACADEMY OF ART	307710	2630591	11,70
THOMAS M COOLEY LAW SCH	2057602	18661129	11,03
MONROE CO CMTY COLLEGE	96280	887357	10,85
MICHIGAN STATE UNIVERSITY	13759444	128289068	10,73
LAWRENCE INST TECHNOLOGY	576613	5503365	10,48
HILLSDALE COLLEGE	288247	2763226	10,43
WALSH C ACCTY & BUS ADMIN	172101	1657605	10,38
MERCY SCH OF NURSING OF DETROIT	51962	505580	10,28
FERRIS STATE COLLEGE	4659184	45596026	10,22
CENTRAL MICH UNIVERSITY	5469201	53917922	10,14
ADRIAN COLLEGE	464875	4585398	10,14
JACKSON COMMUNITY COLLEGE	112530	1131424	9,95
AQUINAS COLLEGE	692872	7016761	9,87
SNT CLAIR CO CMTY COLLEGE	224119	2287351	9,80
GRAND RAPIDS EDUCATIONAL CENTER	67094	685205	9,79
HENRY FORD HOSP SCH OF NURSING	52714	545009	9,67
LAKE SUPERIOR ST COLLEGE	574919	6136565	9,37
KALAMAZOO COLLEGE	332003	3551815	9,35
CONCORDIA COLLEGE	98555	1120798	8,79
UNIV OF MICHIGAN MAIN CAMPUS	11894399	138911638	8,56
ALBION COLLEGE	412406	4856032	8,49
GRAND RAPIDS BAPT C & SEM	475722	5924886	8,03
HOPE COLLEGE	561463	8160173	6,88
ALMA COLLEGE	301632	4398720	6,86
MICHIGAN STATE UNIV COL - HUMAN MED	339571	5869537	5,79
GRAND RAPIDS SCHOOL OF BIBLE AND MUSIC	44444	933139	4,76
MICHIGAN TECHNOLOGICAL U	1235452	26182665	4,72
CALVIN COLLEGE	410504	8775278	4,68
UNIV OF MICHIGAN SCH OF DENTISTRY	386842	8934406	4,33
MICHIGAN STATE UNIV COL - OSTEO MED	243002	6713329	3,62
WAYNE ST UNIV-SCHOOL OF MEDICINE	435947	12354383	3,53
UNIV OF MICHIGAN MEDICAL SCHOOL	435160	12438283	3,50

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SCHSTATE=MICHIGAN

INSTNAME                                        TOTAL DOLLARS   TOTAL DOLLARS NOT IN SCHOOL   $$ IN DEFAULT
                                                DISBURSED TO                                  OVER $$ NOT IN
                                                 DEFAULTERS                                          SCHOOL
GMI ENGR MGMT INST                                    100563                        3002158           3,35
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SCHSTATE=MINNESOTA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
GLOBE COLLEGE OF BUSINESS	2181491	3856660	56.56
COSMETOLOGY TRAINING CENTER	457022	975804	46.84
OLIVER THEIN BEAUTY SCHOOL INC	95181	220577	43.15
MAXIMS BEAUTY ACADEMY	213718	506847	42.17
BROOKS BEAUTY SCHOOL	144050	348100	41.38
BROOKS SCH OF BARBERING & HAIRSTYLE	132626	325928	40.69
COSMETOLOGY TRAINING CENTER	311232	796507	39.07
PINE TECHNICAL INSTITUTE	647473	1714153	37.77
NORTHWEST INST OF MEDICAL LAB TECH	129437	351859	36.79
COSMETOLOGY TRAINING CENTER	87700	257400	34.07
DETROIT LAKES AREA VOC-TECH INST	1178992	3605083	32.70
MINNEAPOLIS CMTY COLLEGE	1655918	5272494	31.41
LEA COLLEGE	136060	443885	30.65
DULUTH COSMETOLOGY CAREER CENTER	190162	633353	30.02
RAINY RIVER CMTY COLLEGE	137187	479831	28.59
BEMIDJI AREA VOC-TECH INST	645946	2293862	28.16
HASTINGS BEAUTY SCHOOL	95117	342855	27.74
COSMETOLOGY TRAINING CENTER	105056	394380	26.64
MINNEAPOLIS AREA VOC-TECH INST	2809874	10978406	25.59
FERN'S BEAUTY COLLEGE	71150	279776	25.43
DULUTH BUSINESS UNIVERSITY	549848	2185132	25.16
SCHOOL OF COMMUNICATION ARTS	421489	1767939	23.84
DULUTH AREA VOC-TECH INST	1369007	5743796	23.83
AUSTIN AREA VOC-TECH INST	702077	3029096	23.18
ALBERT LEA AREA VOC-TECH INST	598462	2602490	23.00
BRAINERD AREA VOC-TECH INST	1069280	4666143	22.92
RITTER ST PAUL BEAUTY COLLEGE	63677	278149	22.89
GOLDEN VALLEY LUTHERAN COLLEGE	527268	2327571	22.65
MINNEAPOLIS BUSINESS COLLEGE	289265	1327468	21.79
FERGUS FALLS CMTY COLLEGE	186119	884341	21.05
WADENA AREA VOC-TECH INST	703538	3343306	21.04
VERMILION CMTY COLLEGE	343467	1670723	20.56
HAMLINE UNIVERSITY SCHOOL OF LAW	247370	1205232	20.52
RED WING AREA VOC-TECH INST	635237	3135023	20.26
HORST EDUCATION CENTER	275488	1360613	20.25
STAPLES AREA VOC-TECH INST	538746	2694518	19.99
AUSTIN COMMUNITY COLLEGE	313176	1572382	19.92
MINNEAPOLIS C-ART DESIGN	794131	4039213	19.66
ITASCA COMMUNITY COLLEGE	167826	858480	19.55
LAKELAND MEDICAL-DENTAL ACADEMY	545103	2789624	19.54
METROPOLITAN STATE UNIV	753551	3889726	19.37
JACKSON AREA VOC-TECH INSTITUTE	552913	2966328	18.64
FLORIAN SCHOOL OF COSMETOLOGY	60950	327001	18.64
ANOKA AREA VOC-TECH INST	1630625	8874353	18.37
INVER HILLS CMTY COLLEGE	445414	2463920	18.08
ST CLOUD AREA VOC-TECH INST	1476588	8203570	18.00
MODEL COLLEGE OF HAIR DESIGN	108550	606014	17.91
FARIBAULT AREA VOC-TECH INST	358314	2002223	17.90
BRAINERD CMTY COLLEGE	260936	1477356	17.66
DULUTH WEST COSMETOLOGY CAREER COLL	40350	231720	17.41
LOWTHIAN COLLEGE	315639	1827355	17.27
HIBBING COMMUNITY COLLEGE	169968	998099	17.03

SCHSTATE=MINNESOTA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
THE 916 AREA VOC-TECH INSTITUTE	662729	3944390	16.80
NORTHLAND CMTY COLLEGE	210063	1253162	16.76
ROBINSON BEAUTY SCHOOL	103615	624506	16.59
VERA-DUANE SCHOOL OF HAIR DESIGN	59342	363128	16.34
RASMUSSEN SCHOOL OF BUSINESS	379482	2378846	15.95
HIBBING AREA VOC-TECH INST	313194	1969729	15.90
PIPESTONE AREA VOC-TECH INSTITUTE	433547	2731662	15.87
ANOKA-RAMSEY CMTY COLLEGE	847071	5386109	15.73
NORTH CEN BIBLE COLLEGE	701480	4466041	15.71
NAT'L EDUCATION CTR-BROWN INST CAMP	2845271	18152791	15.67
LAKEWOOD CMTY COLLEGE	488199	3132131	15.59
MED INST MINNESOTA	583775	3750640	15.56
ST PAUL TECH VOC INST	993699	6461407	15.38
THIEF RIVER FALLS AREA VOC-TECH INS	499489	3267150	15.29
ROCHESTER SCH OF PRACTICAL NURSING	40378	265118	15.23
WILLMAR CMTY COLLEGE	315140	2102783	14.99
MINNEAPOLIS DRAFTING SCHOOL	239210	1598291	14.97
MESABI COMMUNITY COLLEGE	92863	621349	14.95
ROCHESTER AREA VOC-TECH INST	518762	3507489	14.79
HUTCHINSON AREA VOC-TECH INST	483417	3283600	14.72
NORMANDALE CMTY COLLEGE	788009	5416288	14.55
MACALESTER COLLEGE	902065	6279027	14.37
COSMETOLOGY TRAINING CENTER	48450	338595	14.31
ITT TECHNICAL INSTITUTE	1959148	13883765	14.11
MINNESOTA INST OF MED & DEN CAREER	434132	3103164	13.99
N HENNEPIN CMTY COLLEGE	547755	4032986	13.58
ACADEMY OF ACCOUNTANCY	144650	1072142	13.49
ROCHESTER CMTY COLLEGE	725691	5421061	13.39
SUBURBAN HENNEPIN AREA VOC-TECH SCH	1488033	11136772	13.36
WINONA AREA VOC-TECH INST	313360	2353420	13.32
EVELETH AREA VOC-TECH INST	166511	1276818	13.04
DAKOTA CO AREA VOC-TECH	706781	5475478	12.91
WILLMAR AREA VOC TECH INST	931390	7244262	12.86
CONCORDIA C-SAINT PAUL	435684	3390166	12.85
RASMASSEN BUSINESS COLLEGE, MINN	345308	2692036	12.83
MANKATO AREA VOC-TECH INST	735399	5886183	12.49
ST CLOUD BUSINESS COLLEGE	393010	3146616	12.49
BEMIDJI STATE U	1761920	14468530	12.18
ST CLOUD BEAUTY COLLEGE	224502	1854322	12.11
WORTHINGTON CMTY COLLEGE	117442	980252	11.98
EAST GRAND FORKS AREA VOC-TECH INST	390841	3262766	11.98
MINNESOTA MORRIS, U OF	708392	5924362	11.96
GRANITE FALLS AREA VOC-TECH INST	346666	2927727	11.84
DUNWOODY INDUSTRIAL INSTITUTE	582775	5097278	11.43
MOORHEAD AREA VOC-TECH INST	567412	4964535	11.43
SCOTT LEWIS/FLORIAN SCI SCH COSMET	65693	574801	11.43
MINN TECH C CROOKSTON, U	327249	3055697	10.71
NTHWSTN ELECS INSTITUTE	669622	6291164	10.64
NORTHWEST TECH INST	61900	591108	10.47
CONTROL DATA INSTITUTE	973392	9331169	10.43
SCHOOL OF ASSOCIATED ARTS	67510	654474	10.32
MCCONNEL SCHOOL	564483	5500612	10.26

SCHSTATE=MINNESOTA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
AUGSBURG COLLEGE	880371	8580679	10.26
UNITED THEOLOGICAL SEM	115250	1127968	10.22
MINNESOTA DULUTH, U OF	2309952	22782960	10.14
ALEXANDRIA AREA VOC-TECH INST	843181	8382114	10.06
CANAHY AREA VOC-TECH INST	250729	2540634	9.87
HAMLINE UNIVERSITY	1699768	17857190	9.52
WINONA STATE UNIVERSITY	1498738	15936854	9.40
SAINT MARY'S COLLEGE	507108	5562103	9.12
MANKATO STATE UNIVERSITY	3808906	42177002	9.03
HUMBOLDT INSTITUTE RESIDENT DIVISION	37420	426057	8.78
SAINT MARY'S JR COLLEGE	547735	6263014	8.75
STHWST STATE UNIVERSITY	504053	6006489	8.39
SAINT TERESA, COLLEGE OF	231915	2790993	8.31
SAINT CLOUD ST UNIVERSITY	2621412	31808725	8.24
UNIV OF MINN CENTRAL OFFICE	217566	2647277	8.22
BETHANY LUTHERAN COLLEGE	50740	621693	8.16
NORTHWESTERN COLLEGE	329409	4158092	7.93
SAINT SCHOLASTICA, COL OF	497666	6341277	7.85
MINN TECH C-WASECA, U OF	182708	2625640	6.96
SNT CATHERINE,COLLEGE OF	704031	10483560	6.72
MOORHEAD STATE UNIVERSITY	1135448	16947231	6.70
SAINT PAUL BIBLE COLLEGE	198084	2957203	6.70
SAINT THOMAS, COLLEGE OF	1132243	17552856	6.45
NTHWSTN C CHIROPRACTIC	814771	12749427	6.39
SAINT JOHN'S UNIVERSITY	544127	8702443	6.25
MINN MNPLS SNT PAUL, U OF	11770336	191084797	6.16
CONCORDIA C AT MOORHEAD	671402	11353297	5.91
FAIRVIEW DEACONESS HOSP SCH NURSING	72285	1271971	5.68
BETHEL THEOL SEMINARY	109778	2046521	5.36
GUSTAVUS ADOLPHUS COLLEGE	472587	9499797	4.97
SAINT BENEDICT,COLLEGE OF	379699	8072975	4.70
WM MITCHELL COLLEGE LAW	1065952	23365259	4.56
BETHEL COLLEGE	391012	9093152	4.30
ST CLOUD HOSP SCH OF NURSING	55638	1333852	4.17
CARLETON COLLEGE	189720	5208550	3.64
SAINT OLAF COLLEGE	387597	11525297	3.36
LUTHER THEOLOGICAL SEMINARY	104382	3889324	2.68

SCHSTATE=MISSOURI

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
BENEDICT BUSINESS INSTITUTE	2055292	2611954	78.69
HIESING UNIVERSITY OF BEAUTY	1321478	1838688	71.87
CARTER BEAUTY SCHOOL	638077	988927	64.78
MIDWEST COLLEGE OF MEDICAL ASST	41250	64635	63.82
ULTISSIMA BEAUTY COLLEGE	542800	866323	62.66
DRAUGHONS COLLEGE	861532	1453666	59.27
CAREER BEAUTY SCHOOL	175672	300824	58.40
VATTEROTT & SULLIVAN ED CENTER	2118591	4057978	52.21
TREND INTERNATIONAL BEAUTY COLLEGE	81500	156964	51.92
UNITED COLLEGE	2164902	4318788	50.13
MISSOURI SCH- BARBERING/HAIRSTYLING	59858	119912	49.92
KANSAS CITY COL OF MED/DENT CAREERS	2873085	6092144	47.16
SULLIVAN EDUCATIONAL CENTERS	827642	1788954	46.26
DICKINSON JUNIOR COLLEGE	2283421	5488253	41.61
PENN VALLEY CMTY COLLEGE	1727833	4260320	40.56
VOCATIONAL TRAINING CENTER	5137903	12801056	40.14
METRO BUSINESS COLLEGE	809772	2084100	38.85
ACADEMY OF BEAUTY	74451	197063	37.78
ROLLA COLLEGE OF HAIRSTYLING	100412	267576	37.53
GRADWOHL SCH OF LABORATORY TECH	85564	235012	36.41
JAY TRUCK DRIVER TRAINING CENTER	4451568	12234076	36.39
NATL EDUCATION CENTER KANSAS CITY	1337131	3794816	35.24
GENERAL EDUCATION AND TRAINING	1467257	4342678	33.79
HARRIS-STOWE STATE C	227687	705586	32.27
DRAUGHON BUSINESS COLLEGE	794175	2496589	31.81
FERGUSON BEAUTY SCHOOL	136170	430105	31.66
BRYAN INSTITUTE/NORTHWEST	560722	1773328	31.62
PIONEER COMMUNITY COLLEGE	39192	129222	30.33
PLATT COLLEGE	3705576	12752912	29.06
INDEPENDENCE COLLEGE OF COSMETOLOGY	182060	628154	28.98
KEMPER MILITARY SCH AND C	75666	277360	27.28
SNT LU CC-FOREST PARK	781143	2888121	27.05
ITT TECHNICAL INSTITUTE	666886	2498555	26.78
BRYAN INSTITUTE	841478	3149475	26.72
O'FALLON TECHNICAL CENTER	178102	672949	26.47
WEAVER AIRLINE PERSONNEL SCHOOL	32049	125226	25.59
ELECTRONIC COMPUTER PROGRAMING INST	710183	2777145	25.57
EXCELLA BEAUTY COLLEGE	59300	233553	25.39
LINCOLN UNIVERSITY	713666	2816332	25.34
MISSOURI SCH FOR DOCTORS ASST&TECH	459818	1818848	25.28
MISSOURI VALLEY COLLEGE	484956	1942205	24.97
WENTWORTH MILITARY ACAD	70700	289054	24.46
PARK COLLEGE	632529	2614133	24.20
HANNIBAL AREA VO-TECH SCHOOL	47476	199364	23.81
SANFORD-BROWN BUSINESS COLLEGE	1177606	5059737	23.27
NATIONAL ACADEMY OF BEAUTY ARTS	135700	585942	23.16
ITT TECHNICAL INSTITUTE	2200090	9652744	22.79
LONGVIEW CMTY COLLEGE	329380	1452658	22.67
KIRKSVILLE AREA VOC-TECH SCHOOL	35750	161560	22.13
ACADEMY OF BEAUTY CULTURE	35560	161712	21.99
ELECTRONICS INSTITUTE	654020	3074116	21.28
ST LOUIS TECH	120600	578687	20.84

SCHSTATE=MISSOURI

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CROWDER COLLEGE	245747	1182731	20,78
BASIC INST OF TECHNOLOGY	393979	1913643	20,59
RUTLEDGE COLLEGE	41344	205206	20,15
VAUGHN RICHARDS ACADEMY OF BEAUTY	45000	224556	20,04
MIDWEST INSTITUTE FOR MED ASSISTANT	85126	428672	19,86
CHILLICOTHE BEAUTY ACADEMY	37150	187800	19,78
MAPLE WOODS CMTY COLLEGE	132673	679878	19,51
ATLANTIC SCHOOL-HOME STUDY	34311	177650	19,31
AL-MED ACADEMY	76845	399384	19,24
TARKIO COLLEGE	1531792	8297986	18,46
ROLLA AREA VOC-TECH SCHOOL	96410	522894	18,44
WEBSTER UNIVERSITY	1452760	8164213	17,79
COLUMBIA COLLEGE	718583	4071180	17,65
THREE RIVERS CMTY COLLEGE	217866	1243520	17,52
NICHOLS CAREER CENTER	43645	249820	17,47
SNT LO CC-FLORISSANT VLY	425407	2521806	16,87
KANSAS CITY ART INSTITUTE	465711	2799416	16,64
KIRKSVILLE COLLEGE OF COSMETOLOGY	45700	276735	16,51
CLEVELAND CHIROPRACTIC COLLEGE	1562193	9481470	16,48
SAINT LOUIS CC-MERAMEC	364968	2329015	15,67
CONTROL DATA INSTITUTE	645187	4326713	14,91
MINERAL AREA COLLEGE	197963	1345782	14,71
SIKESTON PUB SCH AREA VOC-TECH SCH	53368	364255	14,65
HANNIBAL-LAGRANGE COLLEGE	286566	1957777	14,64
MISSOURI WSTN ST COLLEGE	733591	5156736	14,23
LINDENWOOD COLLEGE	767229	5446947	14,09
MARYVILLE COLLEGE	584034	4154901	14,06
AVILA COLLEGE	463932	3355561	13,83
SAINT MARY'S C O'FALLON	282630	2081625	13,58
BAPTIST BIBLE COLLEGE	336202	2727516	12,33
CULVER-STOCKTON COLLEGE	211342	1768064	11,95
FONTBONNE COLLEGE	215985	1876326	11,51
EAST CENTRAL COLLEGE	108889	949794	11,46
MISSOURI BAPTIST COLLEGE	76189	669524	11,38
MISSOURI STHN ST COLLEGE	406047	3570097	11,37
WILLARD J GRAFF AREA VOC-TECH CTR	47009	416065	11,30
ROCKHURST COLLEGE	765954	6869732	11,15
CAPE GIRARDEAU AREA VOC-TECH SCHOOL	43192	387920	11,13
CENTRAL METHODIST COLLEGE	232513	2098617	11,08
JEFFERSON COLLEGE	147401	1364453	10,80
DEVRY INST OF TECHN	1915546	17913592	10,69
PATRICIA STEVENS CAREER COLLEGE	210900	2069228	10,19
CENTRAL BIBLE COLLEGE	355013	3502297	10,14
CENTRAL MO ST UNIVERSITY	1649889	16749216	9,85
MISSOURI-KANSAS CITY,U OF	2377295	24328838	9,77
SAINT LOUIS U MAIN CAMPUS	5067819	52351897	9,68
WESTMINSTER COLLEGE	168904	1750976	9,65
STHEST MO ST UNIVERSITY	1314694	13807536	9,52
STEPHENS COLLEGE	288864	3087460	9,36
MIDWESTERN BAPT THEOL SEM	76276	818407	9,32
SOUTHWEST BAPTIST UNIV	392802	4292408	9,15
RANKEN TECHNICAL INSTITUTE	158242	1757323	9,00

SCHSTATE=MISSOURI

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MOBERLY AREA JUNIOR COLL	43728	491715	8.89
EVANGEL COLLEGE	701568	7920481	8.86
LINN TECHNICAL JUNIOR COLLEGE	132399	1517833	8.72
WILLIAM WOODS COLLEGE	191174	2254278	8.48
MISSOURI-SAINT LOUIS,U OF	778467	9375964	8.30
TRENTON JUNIOR COLLEGE	36988	450593	8.21
STHWST MO ST UNIVERSITY	1678904	20520567	8.18
ASSEMBLIES GOD GRAD SCH	111379	1363456	8.17
DRURY COLLEGE	171818	2106006	8.16
STATE FAIR CMTY COLLEGE	58233	734295	7.93
LOGAN C OF CHIROPRACTIC	1448375	18524645	7.82
NAZARENE THEOLOGICAL SEM	189550	2475575	7.66
WILLIAM JEWELL COLLEGE	285285	3730233	7.65
CALVARY BIBLE COLLEGE	113158	1553370	7.28
HICKEY SCHOOL	350135	5014823	6.98
WASHINGTON UNIVERSITY	3645229	53768991	6.78
NTHWST MO ST UNIVERSITY	723395	10704076	6.76
MISSOURI-COLUMBIA,U OF	4659109	69323335	6.71
JEWISH HOSP SCH OF NURSING	61532	920835	6.69
OZARKS,SCHOOL OF THE	42427	707448	6.00
NTHEST MO ST UNIVERSITY	532629	9720793	5.48
KIRKSVL COLLEGE OSTEO MED	132229	3674736	3.60
MISSOURI-ROLLA,U OF	457982	15449601	2.96
CONCORDIA SEMINARY	71335	2675916	2.67
UNIV HLTH SCI	288778	11058535	2.61

SCHSTATE=MISSISSIPPI;

INSTNAME	TOTAL DOLLARS BORROWED BY DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
RUST COLLEGE	95263	443641	23.99
TOUGALOO COLLEGE	246376	673119	23.41
MISS VLY ST UNIVERSITY	196767	1060600	19.36
ALCORN STATE UNIVERSITY	136566	1023901	13.34
CLARKE COLLEGE	20624	155120	13.16
JACKSON STATE UNIVERSITY	651479	5316099	12.25
WILLIAM CAREY COLLEGE	168325	1631942	10.31
COAHOMA JUNIOR COLLEGE	9849	98149	10.00
JONES CO JUNIOR COLLEGE	86676	866136	9.92
MISS GULF COAST COLLEGE	89673	1000933	6.94
BELHAVEN COLLEGE	56626	1027176	5.50
MISS UNIVERSITY FOR WOMEN	111196	2200605	4.88
MISS MAIN CAM, UNIV OF	502560	14060516	3.52
MISSISSIPPI COLLEGE	139695	4395700	3.10
DELTA STATE UNIVERSITY	65116	2099367	3.06
NORTHWEST MISS JR COLLEGE	30200	1157390	2.61
SOUTHERN MISSISSIPPI, UNIV OF	256891	10695115	2.38
MISSISSIPPI ST UNIVERSITY	301221	12962953	2.33
MILLSAPS COLLEGE	36670	1620150	2.26
PHILLIPS COLLEGE	[illegible]	3093699	1.63
HINDS JUNIOR COLLEGE	[illegible]	2360673	1.64

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[illegible]	[illegible]	[illegible]	[illegible]

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[illegible]	[illegible]	[illegible]	[illegible]
[illegible] BUSINESS COLLEGE	[illegible]	[illegible]	[illegible]
[illegible] COLLEGE [illegible]	[illegible]	[illegible]	[illegible]
MITCHELL COLLEGE	[illegible]	[illegible]	[illegible]
N C COMPUTER INST INC	[illegible]	[illegible]	[illegible]
SHAW UNIVERSITY	[illegible]	[illegible]	[illegible]
SAINT AUGUSTINE'S COLLEGE	[illegible]	[illegible]	[illegible]
LIVINGSTONE COLLEGE	[illegible]	[illegible]	[illegible]
JOHNSON C SMITH UNIV	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
ELIZABETH CITY STATE U	[illegible]	[illegible]	[illegible]
[illegible] COLLEGE	[illegible]	[illegible]	[illegible]
DURHAM TECHNICAL INST	[illegible]	[illegible]	[illegible]
FAYETTEVILLE ST UNIVERSITY	[illegible]	[illegible]	[illegible]
WINSTON-SALEM STATE U	[illegible]	[illegible]	[illegible]
RUTLEDGE COLLEGE OF DURHAM	[illegible]	[illegible]	[illegible]
MOUNT OLIVE COLLEGE	[illegible]	[illegible]	[illegible]
NC AGRL & TECH STATE U	[illegible]	[illegible]	[illegible]
RUTLEDGE COLLEGE-RALEIGH	[illegible]	[illegible]	[illegible]
BENNETT COLLEGE	[illegible]	[illegible]	[illegible]
NC CENTRAL UNIVERSITY	[illegible]	[illegible]	[illegible]
RUTLEDGE C WINSTON-SALEM	[illegible]	[illegible]	[illegible]
TECH C OF ALAMANCE	[illegible]	[illegible]	[illegible]
RUTLEDGE COLLEGE OF FAYETTEVILLE	[illegible]	[illegible]	[illegible]
BARBER-SCOTIA COLLEGE	[illegible]	[illegible]	[illegible]
RUTLEDGE C OF GREENSBORO	[illegible]	[illegible]	[illegible]
MONTGOMERY TECH COL	[illegible]	[illegible]	[illegible]
PIEDMONT TECHNICAL C	[illegible]	[illegible]	[illegible]
JOHN ROBERT POWERS SCHOOL	[illegible]	[illegible]	[illegible]
PITT COMMUNITY COLLEGE	[illegible]	[illegible]	[illegible]
LENOIR CMTY COLLEGE	[illegible]	[illegible]	[illegible]
HALIFAX CMTY COLLEGE	[illegible]	[illegible]	[illegible]
NC SCHOOL OF THE ARTS	[illegible]	[illegible]	[illegible]
GUILFORD TECHNICAL CC	[illegible]	[illegible]	[illegible]
[illegible] CMTY COLLEGE	[illegible]	[illegible]	[illegible]
RUTLEDGE C CHARLOTTE	[illegible]	[illegible]	[illegible]
EDGECOMBE TECH COLLEGE	[illegible]	[illegible]	[illegible]
ASHEVL BUNCOMBE TECH C	[illegible]	[illegible]	[illegible]
RICHMOND TECHNICAL C	[illegible]	[illegible]	[illegible]
WILSON CO TECHNICAL INST	[illegible]	[illegible]	[illegible]
WESTERN PIEDMONT CC	[illegible]	[illegible]	[illegible]
CAPE FEAR TECHNICAL INST	[illegible]	[illegible]	[illegible]
BEAUFORT CO CMTY COLLEGE	[illegible]	[illegible]	[illegible]
[illegible] JC BUSINESS	[illegible]	[illegible]	[illegible]
CHOWAN COLLEGE	[illegible]	[illegible]	[illegible]
WILKES COMMUNITY COLLEGE	[illegible]	[illegible]	[illegible]
PEMBROKE STATE UNIVERSITY	[illegible]	[illegible]	[illegible]
LEES-MCRAE COLLEGE	[illegible]	[illegible]	[illegible]
CEN PIEDMONT CMTY COLLEGE	[illegible]	[illegible]	[illegible]
SACRED HEART COLLEGE	[illegible]	[illegible]	[illegible]
CECILS JUNIOR COLLEGE	[illegible]	[illegible]	[illegible]
NC WESLEYAN COLLEGE	[illegible]	[illegible]	[illegible]
CATAWBA VALLEY TECH C	[illegible]	[illegible]	[illegible]

SCHSTATE=NORTH CAROLINA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PFEIFFER COLLEGE	236290	1775080	13,31
SHERRILLS UNIVERSITY OF COSMETOLOGY	30561	232130	13,16
PITT CMTY COLLEGE	105646	811650	13,02
GREENSBORO COLLEGE	207576	1598235	12,99
LOUISBURG COLLEGE	97350	750659	12,97
CARTERET TECHNICAL COL	31137	240625	12,94
FAYETTEVILLE TECH INST	52255	412922	12,65
JOHNSTON TECHNICAL COL	36812	296096	12,43
BELMONT ABBEY COLLEGE	462812	3732424	12,40
MONTREAT-ANDERSON COLLEGE	40425	326259	12,39
ROANOKE-CHOWAN TECH C	26810	217869	12,31
SAMPSON TECHNICAL INST	30187	245376	12,30
GASTON COLLEGE	31480	259538	12,13
FORSYTH TECHNICAL INST	73083	608776	12,00
ROWAN TECHNICAL COLLEGE	37635	316047	11,91
METHODIST COLLEGE	183091	1623016	11,28
CATAWBA COLLEGE	385087	3428193	11,23
KINGS COLLEGE	340617	3064392	11,12
AMERICAN BUSINESS & FASHION INST	92068	831551	11,07
BLANTONS JUNIOR COLLEGE	74517	677508	11,00
HAYWOOD TECHNICAL COLLEGE	64691	605151	10,69
MILLER-MOTTE BUSINESS COLLEGE	57865	566030	10,22
RANDOLPH TECHNICAL C	81947	816605	10,04
NC AT ASHEVILLE U OF	100992	1021779	9,88
PIEDMONT AEROSPACE INSTITUTE	74293	775615	9,58
WAKE TECHNICAL COLLEGE	108126	1169970	9,24
MARS HILL COLLEGE	226496	2467498	9,18
CEN CAROLINA TECH C	35641	400974	8,89
CAROLINA COASTAL COMMUNITY COLLEGE	36955	434283	8,51
SURRY COMMUNITY COLLEGE	24115	291981	8,26
GARDNER-WEBB COLLEGE	195215	2407408	8,11
SNT ANDREWS PRESB COLLEGE	171610	2117346	8,10
WSTN CAROLINA UNIVERSITY	567534	7248098	7,83
GUILFORD COLLEGE	245102	3161628	7,75
CALDWELL CC AND TECH INST	25426	332231	7,65
NC AT GREENSBORO, UNIV OF	941162	12728200	7,39
NC AT CHARLOTTE, U OF	754581	10593499	7,12
ATLANTIC CHRISTIAN C	273041	3839117	7,11
QUEENS COLLEGE	63406	920824	6,89
HIGH POINT COLLEGE	182683	2725929	6,70
NC WILMINGTON, UNIV OF	384922	5963209	6,45
ELON COLLEGE	351940	5756831	6,11
EAST CAROLINA UNIVERSITY	937109	16110981	5,82
CAMPBELL UNIVERSITY	488826	8754861	5,58
APPALACHIAN ST UNIVERSITY	762235	14421179	5,29
NC STATE U RALEIGH	1201616	25343620	4,74
WINGATE COLLEGE	98635	2115635	4,66
LENOIR-RHYNE COLLEGE	152158	3330766	4,57
NC AT CHAPEL HILL, U OF	1380220	39093975	3,53
WARREN WILSON COLLEGE	41825	1201870	3,48
WAKE FOREST BOWMAN GRAY MEDICAL COL	129146	3812020	3,39
DUKE UNIVERSITY	1095114	39005722	2,81

SCHSTATE=NORTH CAROLINA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
WAKE FOREST UNIVERSITY	377790	14318575	2.64

SCHSTATE=NORTH DAKOTA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
STANDING ROCK COLLEGE	80863	349892	23.11
TRINITY BIBLE COLLEGE	237549	1758892	13.49
AAKERS BUSINESS COLLEGE	46800	653119	7.17
JAMESTOWN COLLEGE	128350	1834811	7.00
INTERSTATE BUSINESS COLLEGE	149823	2483684	6.03
ND MAIN CAMPUS U OF	879819	25224971	3.49
ND STATE SCHOOL SCIENCE	346789	10189818	3.40
NO DAKOTA ST UNIV CENTRAL OFFICE	671240	20286022	3.31
MAYVILLE STATE COLLEGE	36934	1123337	3.29
DICKINSON STATE COLLEGE	31878	1648731	1.93
MINOT STATE COLLEGE	63432	3873874	1.64

SCHSTATE=NEBRASKA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CONSTANTINO SCHOOL OF HAIRDRESSING	70887	127373	55.65
GRAND ISLAND BEAUTY SCHOOL	235279	460412	51.10
METROPOLITAN TECH CC AREA	5845808	11702481	49.95
BANNER COLLEGE OF HAIRSTYLING	203350	440770	46.14
BARBER COLLEGE/PROFESSIONAL ART,INC	219317	521052	42.09
JOHN F KENNEDY COLLEGE	43951	115031	38.21
CAPITOL BEAUTY SCHOOL INC	378927	1066805	35.52
NEBRASKA COLLEGE OF BUSINESS	1259966	3860132	32.64
GRAND ISLAND EDUCATION CENTER CTCCA	320531	1017873	31.49
OMAHA COLLEGE OF HEALTH CAREERS	926215	2995883	30.92
UNIVERSAL TECHNICAL INSTITUTE	796293	2738134	29.08
BELLEVUE COLLEGE	1268181	4862327	26.08
QUEEN ANN BEAUTY SCHOOL	72612	286499	25.34
JOSEPH'S COLLEGE OF BEAUTY	91535	388219	23.58
GATEWAY ELECTRONICS INSTITUTE	540501	2325678	23.24
WESTERN NEBRASKA TECH CMTY COL	218040	947012	23.02
JOSEPH'S COLLEGE OF BEAUTY	77452	342616	22.61
CENTRAL NE TECH CC	803512	3727659	21.56
YORK COLLEGE	276740	1300000	21.29
LINCOLN SCHOOL OF COMMERCE	672493	3325958	20.22
SOUTHEAST COMMUNITY COLLEGE FAIRBURY	59008	298994	19.74
ELECTRONIC COMPUTER PROG INST-OMAHA	466810	2386545	19.56
BANNER COLLEGE OF HAIRSTYLING	141965	773321	18.36
STEWART SCHOOL OF HAIRSTYLING	167064	918721	18.18
PLATTE TECH CMTY COL	218191	1201271	18.16
HIRAM SCOTT COLLEGE	34056	188453	18.07
SOUTHEAST COMMUNITY COLLEGE LINCOLN CAMPUS	1052857	6009986	17.52
NEBRASKA WESTERN COLLEGE	159965	927303	17.25
GRAND ISLAND SCHOOL OF BUSINESS	92608	537093	17.24
NEBRASKA AT OMAHA U OF	5398624	31455343	17.16
UNION COLLEGE	545835	3450408	15.82
PERU STATE COLLEGE	348948	2328781	14.98
MID PLAINS COMMUNITY COLLEGE	211685	1461830	14.48
PATRICIA STEVENS FASH & BUS COLLEGE	225310	1632869	13.80
JOSEPHS COLLEGE OF BEAUTY	96259	707452	13.61
NORTHEAST TECH CC AREA	465773	3816981	12.20
SAINT MARY, COLLEGE OF	413545	3591316	11.52
GRACE C OF THE BIBLE	67302	743248	9.06
DANA COLLEGE	213446	2401359	8.89
COLLEGE OF HAIR DESIGN-COSMIT, DIV.	55378	659283	8.40
MIDLAND LUTHERAN COLLEGE	274700	3312385	8.29
DOANE COLLEGE	219983	2653654	8.29
UNIV OF NEBRASKA SCH OF TECH AGRIC	83283	1091421	7.63
NEBRASKA WESLEYAN UNIV	223331	3155587	7.08
NEBRASKA METH HOSP SCH OF NURSING	118182	1675302	7.05
BHP CLKSN MEM HOSP COL	121602	1727193	7.04
CHADRON STATE COLLEGE	200496	2900326	6.91
WAYNE STATE COLLEGE	505689	7368871	6.85
KEARNEY STATE COLLEGE	1031830	15291915	6.75
SOUTHEAST COMMUNITY COLLEGE MILFORD CAMPUS	343170	5095483	6.73
NEBRASKA-LINCOLN U OF	4050486	61177427	6.62
CREIGHTON UNIVERSITY	1295149	21289234	6.08

SCHSTATE=NEBRASKA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
HASTINGS COLLEGE	157314	2630053	5,98
CONCORDIA TCHRS COLLEGE	218986	3804166	5,76
NEBRASKA MED CTR, UNIV OF	124925	6160377	2,03

SCHSTATE=NEW HAMPSHIRE

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
EMPIRE BEAUTY SCHOOL #2	148256	249788	59.35
FRANCONIA COLLEGE	157071	368996	42.57
CANAAN COLLEGE	51086	136730	37.36
NEW HAMPSHIRE BARBER COLLEGE	51995	151547	34.31
HOULES BEAUTY ACADEMY INC	184834	554359	33.34
MICHAEL'S SCHOOL OF HAIR DESIGN	116644	396776	29.40
EMPIRE BEAUTY SCHOOL	78059	272604	28.63
EMPIRE BEAUTY SCHOOL #3	54500	207779	26.23
BELKNAP COLLEGE	79150	329000	24.06
ST JOSEPH HOSP SCH OF PRACT NURSING	55484	250392	22.16
MERRIMACK VALLEY COL UNIV SYS OF NH	120182	577017	20.83
HAWTHORNE COLLEGE	821640	4374704	18.78
CONTINENTAL ACADEMIE OF HAIR DESIGN	57679	326595	17.66
HESSER COLLEGE	864911	5332892	16.22
FRANKLIN PIERCE COLLEGE	1679024	10378499	16.18
WHITE PINES COLLEGE	51700	344699	15.00
NH VOC-TECH C BERLIN	324441	2310526	14.04
NEW ENGLAND COLLEGE	863652	6237184	13.85
NH VOC-TECH C LACONIA	135160	985847	13.71
NH VOC-TECH C MANCHESTER	155818	1140236	13.67
NEW HAMPSHIRE COLLEGE	2924542	21461440	13.63
NOTRE DAME COLLEGE	263010	2243479	11.72
DANIEL WEBSTER COLLEGE	473390	4108660	11.52
MCINTOSH COLLEGE	102199	891667	11.46
NH KEENE ST COLLEGE U OF	1370501	13425466	10.21
NH VOC-TECH C STRATHAM	92256	930892	9.91
NH VOC-TECH C CLAREMONT	173937	1763780	9.86
NH VOC-TECH C NASHUA	59178	656998	9.01
NH TECHNICAL INSTITUTE	293105	3330092	8.80
NH PLYMOUTH ST COLLEGE U	1280261	14747621	8.68
RIVIER COLLEGE	284825	3963607	7.19
COLBY-SAWYER COLLEGE	184924	2625271	7.04
FRANKLIN PIERCE LAW CENTER	374292	5939249	6.30
NEW HAMPSHIRE U OF	2637683	47763532	5.52
SAINT ANSELM COLLEGE	523095	10357595	5.05
DARTMOUTH COLLEGE	670328	21849129	3.07

SCHSTATE=NEW JERSEY

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
STANDARD ACADEMY OF BEAUTY CULTURE	184312	187463	76.98
PHILLIPS BUSINESS SCHOOL	288278	405278	70.14
EMPIRE TECHNICAL SCH OF NEW JERSEY	2568926	4024496	63.83
ELECTRONIC COMPUTER PROGRAMMING INST	131800	206780	63.74
P M METHOD OF HAIR DESIGN	1709695	2787765	61.33
LYONS INSTITUTE	592447	979229	60.50
ESSEX COLLEGE OF BUSINESS	6388505	10698472	59.71
SAWYER SCHOOL OF ELIZABETH	2870338	5177470	55.44
AMERICAN TRNG SERVICE-HOME STUDY	813045	1554450	52.30
WILFRED ACAD OF HAIR & BEAUTY CULT	796882	1543904	51.61
SCHOOL OF BUSINESS MACHINES	1846326	3611264	51.13
ASSOCIATED BUSINESS CAREERS	2514860	4929056	51.02
FRANKLIN BEAUTY ACADEMY	421779	836294	50.43
FIRST SCH OF SEC/PARALEGAL STUDIES	2172420	4310439	50.40
WILFRED ACAD OF HAIR & BEAUTY CULT	2913816	5818089	50.08
INSTITUTE OF BUSINESS & TECHNOLOGY	4028670	8518285	47.29
FLEUR-DE-LIS BEAUTY ACADEMY	109923	230635	47.27
INST FOR BUSINESS TECHNOLOGY	38500	82560	46.63
ESSEX COUNTY COLLEGE	2645646	5699181	46.42
HEALTH CAREERS ACADEMY	983019	2187625	44.94
JERSEY CITY STATE COLLEGE	5031482	12005539	41.91
WILFRED ACAD OF HAIR & BEAUTY CULT	306752	732710	41.87
CLIFTON SCHOOL OF BUSINESS	2021136	4842422	41.74
SMITH'S INSTITUTE OF COSMETOLOGY	47671	117171	40.68
HUDSON CO CC	402769	1024615	39.31
OCEAN COUNTY VOC TECH SCHOOL	37950	97980	38.73
WILFRED ACAD OF HAIR & BEAUTY CULT	683171	1802329	37.90
NATURAL MOTION INST OF HAIR DESIGN	626625	1663132	37.68
CAMDEN CO VOC TECH SC GLOUC TWP CAM	88648	225803	37.49
FRANKLIN BEAUTY SCHOOL	502456	1348506	37.26
ROBERT-WALSH BUSINESS SCHOOL	4162158	11213399	37.12
DRAKE COLLEGE OF BUSINESS	105192	284299	37.00
WILFRED ACAD OF HAIR & BEAUTY CULT	601478	1631606	36.86
ATLANTIC COUNTY VOCATIONAL SCHOOL	68697	186811	36.77
PARISIAN BEAUTY SCHOOL	505047	1461587	34.59
BLOOMFIELD COLLEGE	2574896	7549393	34.11
DOROTHY ARISTONE'S PARAMED/BUS PROF	792541	2335559	33.93
WILFRED ACAD OF HAIR & BEAUTY CULT	73222	217058	33.73
WILFRED ACAD OF HAIR & BEAUTY CULT	588296	1800318	32.46
REIGNBOW BEAUTY ACADEMY	278142	860331	32.33
CUMBERLAND COUNTY COLLEGE	451851	1401393	32.24
BETH MEDRASH GOVOHA	278750	865300	32.21
JOSEPH PATERNO COL OF BEAUTY CULT	149336	480775	31.06
OCEAN COUNTY COLLEGE	1195802	3930357	30.43
BURLINGTON COUNTY COLLEGE	955920	3281557	29.13
MERCER CO CMTY COLLEGE	1777231	6136634	28.96
WILFRED ACAD OF HAIR & BEAUTY CULT	486956	1691495	28.79
LYONS INSTITUTE	105133	365195	28.79
HARRIS SCHOOL OF BUSINESS	562115	1963912	28.62
MONMOUTH CO VOCATIONAL SCHOOL	165995	588800	28.58
GARDEN ST ACAD OF HAIR FASH & COS	36075	127275	28.34
RAB COLLEGE OF AMERICA	58750	208695	28.15

SCHSTATE=NEW JERSEY

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
STUART SCHOOL	515078	1857271	27.73
PASSAIC CO CMTY COLLEGE	401199	1447976	27.71
UNION TECHNICAL INSTITUTE	1056648	3846626	27.47
GLOUCESTER COUNTY COLLEGE	639655	2350416	27.21
VINELAND ACADEMY OF BEAUTY CULTURE	210791	776627	27.14
CAMDEN COUNTY COLLEGE	833341	3083218	27.03
GENERAL TECH INSTITUTE INC	93456	350040	26.70
SALEM COMMUNITY COLLEGE	289805	1095139	26.46
BROOKDALE CMTY COLLEGE	1450318	5580150	25.95
ATLANTIC CMTY COLLEGE	979608	3802116	25.76
DRAKE SECRETARIAL COLLEGE	117568	462587	25.42
LYONS INSTITUTE	2208454	9019888	24.48
MIDDLESEX COUNTY COLLEGE	1910211	7859857	24.30
NEW HORIZONS INST OF COSMETOLOGY	55280	230834	23.95
PLAZA SCHOOL OF DRAFTING	678442	2846983	23.83
BILINGUAL INSTITUTE	110653	464512	23.82
PENNCO TECH	360530	1573212	22.92
WILFRED ACAD OF HAIR & BEAUTY CULT	394434	1740297	22.66
NATL EDUCATION CENTER-BRYMAN CAMPUS	805390	3626104	22.21
DIVERS ACAD OF THE EASTERN SEABOARD	143149	649922	22.03
RUTGERS U NEW BRUNSWICK	182400	830541	21.96
ELECTRONIC COMPUTER PROGRAMING INST	561892	2567817	21.88
CAPRI INSTITUTE OF HAIR DESIGN	298311	1379628	21.62
LINCOLN TECHNICAL INSTITUTE	1892997	8895393	21.28
UNION COUNTY COLLEGE	819387	3861103	21.22
RAMAPO COL OF NEW JERSEY	2170388	10328109	21.01
UPSALA COLLEGE	1634093	7840078	20.84
NATL EDUCATION CENTER-RETS CAMPUS	591736	2848463	20.77
ACADEMY OF BUSINESS CAREERS	924255	4461153	20.72
RUTGERS U NEWARK CAMPUS	6837331	33060798	20.68
SAINT PETERS COLLEGE	2415779	12252359	19.72
ST FRANCIS HOSP SCH OF NURSING	85661	234276	19.49
KEAN C OF NEW JERSEY	3788638	19460568	19.47
FARLGH DCKSN U EDW WMS C	333141	1725396	19.31
WINIFRED B BALDWIN SCH OF NURSING	78342	410205	19.10
CAPE MAY AREA VOC TECH SCHOOL	45800	241372	18.97
GLASSBORO STATE COLLEGE	6294923	33745756	18.65
MAISON DE PARIS BEAUTY COLLEGE	175846	939988	18.62
TAYLOR BUSINESS INSTITUTE	1058642	5779812	18.32
SHORE BEAUTY SCHOOL	33651	186497	18.04
ROMAN ACADEMY OF BEAUTY CULTURE	84418	468155	18.03
TAYLOR BUSINESS INSTITUTE	893947	5009497	17.85
CENTURY INST OF COURT REPORTING	215029	1214654	17.70
TETERBORO SCHOOL OF AERONAUTICS INC	687017	3660804	17.67
AMERICAN BUSINESS ACADEMY	263988	1502009	17.58
TAYLOR BUSINESS INST AT MANASQUAN	461403	2701480	17.08
DOVER BUSINESS COLLEGE	252960	1493946	16.93
COURT REPORTING AND SECRETARIAL INS	106969	638905	16.74
RUTGERS U CAMDEN CAMPUS	3145834	18999738	16.56
LINCOLN TECHNICAL INSTITUTE	1817981	11091606	16.39
STOCKTON STATE COLLEGE	3075153	18779232	16.38
COUNTY COLLEGE OF MORRIS	1074271	6566910	16.36

SCHSTATE=NEW JERSEY

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CITTONE INSTITUTE	1240875	7753652	16.00
ARICK COMPUTER SCIENCE INSTITUTE	655398	4117866	15.92
OMEGA INSTITUTE	155440	982348	15.82
ANTHONY PLACIDUS SCH OF HAIR DESIGN	42868	274844	15.60
WILFRED ACAD OF HAIR & BEAUTY CULT	171920	1106052	15.53
UMDNJ - SCH OF ALLIED HEALTH PROF	66346	430581	15.41
SOMERSET COUNTY TECHNICAL INSTITUTE	38412	249698	15.38
BERGEN COMMUNITY COLLEGE	718208	4689006	15.32
NTHESTN BIBLE COLLEGE	224266	1467730	15.28
GARDEN ST ACAD OF BEAUTY CULTURE	57161	377241	15.15
JF KENNEDY MED CTR SCH NUC MED TECH	71890	494232	14.54
CE GREGORY SCH NUR - R.U.H.S.C.	95388	664620	14.35
CAPRI INSTITUTE OF HAIR DESIGN	57940	407219	14.23
DEVRY TECHNICAL INSTITUTE	3689105	26364688	13.99
GEORGIAN COURT COLLEGE	734054	5412980	13.56
ST FRANCIS HOSP SCH OF NURSING	83100	613480	13.55
MONMOUTH COLLEGE	2336751	17511047	13.34
DU CRET SCHOOL OF THE ARTS	123393	932199	13.24
CENTENARY COLLEGE	597860	4610479	12.97
STAN TECHNICAL INSTITUTE	198496	1546216	12.83
SETON HALL UNIVERSITY	5155605	40996303	12.58
WILLIAM PATERSON COLLEGE OF N.J.	2388081	19162461	12.46
COMPUTER LEARNING CENTER	83615	681269	12.27
BERDAN INSTITUTE	83411	681905	12.23
CAPRI INSTITUTE OF HAIR DESIGN	37207	317571	11.72
SOMERSET COUNTY COLLEGE	238970	2057492	11.61
MONTCLAIR STATE COLLEGE	3654414	31710538	11.52
FELICIAN COLLEGE	221300	1926071	11.49
WESTMINSTER CHOIR COLLEGE	480963	4216097	11.41
FARLGH DCKSN U RUTHERFD	1771203	15564641	11.38
TRENTON STATE COLLEGE	3993267	35298550	11.31
RUTGERS UNIV CENTRAL OFFICE	13845992	124295580	11.14
CALDWELL COLLEGE	290656	2740275	10.61
POPKIN SCHOOL OF COURT REPORTING	56150	529858	10.60
NJ INSTITUTE TECHNOLOGY	1495972	15346025	9.75
DREW UNIVERSITY	1174263	12083591	9.72
ELIZABETH GEN MED CTR SCHOOL OF NUR	65695	677014	9.70
FRLGH DKSN FLOR-MAD CAM	1498297	15733522	9.52
ANN MAY SCHOOL OF NURSING	76190	800906	9.51
FARLGH DCKSN UNIV TEANECK	3030842	32552603	9.31
BERKELEY SCHOOL THE	598640	7090602	8.44
UNIV MED & DENT NJ	1493611	17983372	8.31
STAFFORD HALL SCHOOL OF BUSINESS	52965	642430	8.24
RIDER COLLEGE	1926840	24937579	7.73
SNT ELIZABETH COLLEGE OF	247004	3331027	7.41
KATHARINE GIBBS SCHOOL	325133	4488675	7.24
BERKELEY SCHOOL OF MOUNT LAUREL	74487	1029085	7.24
BERKLEY SCHOOL OF BERGEN	285671	4451054	6.42
UMDNJ - NEW JERSEY DENTAL SCHOOL	579220	9433080	6.14
PRINCETON THEOLOGICAL SEM	136756	2231447	6.13
UMDNJ - RUTGERS MEDICAL SCHOOL	747095	12342856	6.05
HOLY NAME HOSP SCH OF NURSING	60810	1017973	5.97

SCHSTATE=NEW JERSEY

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MUHLENBERG HOSP SCHOOL OF NURSING	55590	975728	5.70
SETON HALL UNIV SCHOOL OF LAW	1131128	20066283	5.64
STEVENS INST TECHNOLOGY	566877	13707952	4.14
PRINCETON UNIVERSITY	599714	17799538	3.37
CHUBB INSTITUTE FOR COMPUTER TECH	134316	4167919	3.22

SCHSTATE=NEW MEXICO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
COLLEGE OF ARTESIA	46590	140775	33.07
VO-TECH INSTITUTE INC.	97050	330459	29.37
UNIV OF ALBUQUERQUE	948490	4390053	21.58
WESTERN NM UNIVERSITY	254851	1272261	20.03
NEW MEXICO MILITARY INST	71125	362506	19.62
SANTA FE, COLLEGE OF	402986	2403318	16.77
PARKS COLLEGE	123500	937609	13.17
EASTERN NEW MEX UNIV MAIN CAMPUS	471304	4425473	10.65
NEW MEXICO HIGHLANDS U	283125	3113020	9.09
UNIV OF NEW MEXICO	2082109	25479293	8.17
ST. JOHN'S C SANTA FE NM	106115	1343668	7.90
NM STATE U MAIN CAMPUS	937720	13824256	6.78
NM INST OF MINING & TECHN	138222	2256143	6.13
NEW MEXICO JUNIOR COLLEGE	27336	503271	5.43

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INSTNAME

	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT, WHO ARE NOT IN SCHOOL
JOSEPH BULOVA SCHOOL OF WATCHMAKING	119716	318180	37.63
HTI BUSINESS SCHOOL	2969631	7959033	37.31
PLYMOUTH BUSINESS INSTITUTE	732372	1975095	37.07
KELLEY BUSINESS INSTITUTE	292407	789916	37.02
PHILLIPS INSTITUTE	356115	974300	36.55
CUNY LEHMAN COLLEGE	6420271	17625668	36.43
INST OF DESIGN AND CONSTR	64423	177238	36.35
CUNY BROOKLYN COLLEGE	12091062	33311654	36.30
LONG ISLAND UNIV SOUTHAMPTON CAMPUS	85822	237208	36.17
ULTISSIMA BEAUTY INST AT [illegible]	422793	1171732	36.08
WILFRED ACAD OF HAIR & BEAUTY CULT	520669	1445495	36.02
BEAUTY SCHOOL OF MIDDLETOWN	465747	1296628	35.92
LONG ISLAND UNIV CONOLLY COLLEGE	18117797	50539599	35.85
[illegible] SCHOOL	1490280	4170543	35.67
CUNY LA GUARDIA CC	2406990	6791130	35.44
ULSTER CO CMTY COLLEGE	1732356	4944850	35.03
ALVIN AILEY AMERICAN DANCE CENTER	188924	543713	34.75
AIRCO TECHNICAL INSTITUTE	798156	2303290	34.65
RICHARD [illegible] SCHOOL OF BEAUTY CULTURE	130591	382961	34.10
NEW SCH FOR SOC RESEARCH	90251	267119	34.22
MANHATTAN TECHNICAL INSTITUTE	266167	780977	34.08
ULTISSIMA BEAUTY INSTITUTE	99669	293080	34.01
WILFRED ACAD OF HAIR & BEAUTY CULT	791870	2331623	33.96
MONROE BUSINESS INST FASHION SCHOOL	460062	1362261	33.85
CONTINENTAL SCH OF BEAUTY CULTURE	480095	1419550	33.82
CONTINENTAL SCH OF BEAUTY CULTURE	1230776	3644193	33.77
NEW YORK SCHOOL FOR MEDICAL ASST	844690	2509316	33.66
BOCES OF NASSAU CTY-SCH OF PRAC NURS	464717	1409051	32.98
NEW PENN BEAUTY SCHOOL	364729	1111709	32.81
[illegible] SOLE SUPERVISORY DISTRICT	58911	179770	32.77
WILFRED ACAD OF HAIR & BEAUTY CULT	1000787	3073530	32.56
WILFRED ACAD OF HAIR & BEAUTY CULT	440993	1355316	32.54
SUNY COLLEGE OLD WESTBURY	3250793	10050069	32.35
NEW YORK FOOD & HOTEL MGMT SCHOOL	1023507	3199711	31.99
ALBANY BUSINESS COLLEGE	1010505	3161830	31.96
RAPHAEL SCHOOL OF BEAUTY CULTURE	102393	320530	31.94
ULTISSIMA BEAUTY INSTITUTE [illegible]	80560	252699	31.88
ROBERT FIANCE HAIR DESIGN INSTITUTE	756302	2391562	31.62
DRAKE BUSINESS SCHOOL	170390	539532	31.58
MIDLAND CAREER INSTITUTE	1263399	4019716	31.43
WILFRED ACAD OF HAIR & BEAUTY CULT	132151	420991	31.39
MEDAILLE COLLEGE	1953050	6285163	31.07
CUNY STATEN ISLAND COMMUNITY COL	3370666	10915690	30.88
COLUMBIA UNIV SCH OF GEN STUDIES	3207836	10431881	30.75
MARYMOUNT MANHATTAN C	2041516	6640887	30.74
CAPRI SCH OF HAIR DESIGN	171055	556868	30.72
SULLIVAN CO CMTY COLLEGE	1920920	6265905	30.66
FULTON-MONTGOMERY CC	1304773	4264325	30.60
LONG ISLAND BEAUTY SCHOOL	71500	233800	30.58
ULTISSIMA BEAUTY SCHOOL	238450	786707	30.31
CUNY KINGSBOROUGH CC	1614262	5329455	30.29
NEW YORK CAREER CENTER	591487	1954706	30.26

SCHOOLSTATE=NEW YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ULTISSIMA BEAUTY INS[illegible] MASSAPEQUA	203348	674047	30.17
SUNY EMPIRE STATE COLLEGE	3267691	10911091	29.95
AMER ACAD DRAMATIC ARTS	913609	3062013	29.84
AMER ACAD MCALLSTR FUNERAL	533298	1803017	29.58
MONROE BUSINESS INSTITUTE	176219	600934	29.32
SUPERIOR CAREER INSTITUTE	146312	505030	28.97
ADVANCED TRAINING CENTER	2205217	7703200	28.63
FIVE TOWNS COLLEGE	509921	1788345	28.51
ELIZABETH SETON COLLEGE	1835939	6454836	28.44
NEW YORK SCHOOL OF DOG GROOMING	607597	2144588	28.33
RUSSELL SAGE JC OF ALBANY	1566554	5530970	28.32
CLINTON COMMUNITY COLLEGE	660376	2344777	28.16
BRYANT&STRATTON BUS INST	10445800	37092655	28.16
PLAZA BUSINESS INSTITUTE	392757	1412704	27.80
NEW SCHOOL FOR SOCIAL RESEARCH	7380556	26558656	27.79
ADELPHI BUSINESS SCHOOLS	75301	272523	27.63
CUNY QUEENSBOROUGH CC	2431156	8802372	27.62
MID-WESTCHESTER PROGRAM OF PRAC NUR	97689	354689	27.54
NEW YORK VOCATIONAL SCHOOL	557363	2034554	27.39
BRITTANY BEAUTY CENTER	163291	600706	27.18
CTHOL C IMMAC CONCEPTION	77901	290276	26.84
CITY TECHNICAL INSTITUTE	324010	1209501	26.79
LEONE SCH OF DENTAL LABORATORY TECH	56654	211779	26.75
EISENHOWER COLLEGE INST OF TECH	359404	1347303	26.68
FRIENDS WORLD COLLEGE	320828	1205606	26.61
NEW ROCHELLE, COLLEGE OF	5801986	21926484	26.46
VILLA MARIA COLLEGE BFLO	702520	2657459	26.44
HOSP FOR SPECIAL SURG SCH PRAC NUR	79098	301246	26.26
MCCARTHY'S BUSINESS INSTITUTE	432758	1648746	26.25
OSWEGO COUNTY BOCES ADULT CAREERS C	212952	814905	26.13
TRIPLE CITIES SCH OF BEAUTY CULTURE	94467	361867	26.11
CORNING COMMUNITY COLLEGE	2542191	9792028	25.96
CENTRAL TECH HS LICENSED PRA NUR PG	135590	522704	25.94
SARATOGA/WARREN CTY BOCES PRAC NUR	62137	240651	25.82
STENOTYPE INSTITUTE	705762	2743083	25.73
MAGNA INSTITUTE	442045	1718493	25.72
LONG IS U BROOKLYN CAMPUS	316007	1232592	25.64
SUFFOLK CO CC SELDEN CAM	5602582	21973640	25.50
INTERFAITH MED CTR SCH OF NURSING	285282	1125008	25.36
NEW SCHOOL OF CONTEMPORARY RADIO	137956	545352	25.30
NORTH COUNTRY CMTY COLLEGE	911154	3609601	25.24
DRAKE BUSINESS SCHOOL	98510	392152	25.12
SAINT FRANCIS COLLEGE	2505636	10018927	25.01
HUNTER BUSINESS SCHOOL	95240	382703	24.89
MERCY COLLEGE	5723367	23078525	24.80
MANNES COLLEGE OF MUSIC	281877	1139376	24.74
ULTISSIMA BEAUTY INST AT LEVITTOWN	186461	755255	24.69
CUNY HUNTER COLLEGE	9127978	37036201	24.65
OLIVER SCHOOL OF BEAUTY CULTURE	46061	187180	24.61
NEW YORK SCHOOL OF INTERIOR DESIGN	326802	1329636	24.58
ORANGE CO CMTY COLLEGE	2237468	9141469	24.48
CHERYL FELLS SCHOOL OF AESTHETICS	58855	240577	24.46

SCHSTATENAME= YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
JAMESTOWN CMTY COLLEGE	1005652	7028236	24.31
ONONDAGA CMTY COLLEGE	3148369	12958470	24.30
CENTER FOR THE MEDIA ARTS	2717357	11232063	24.19
COLUMBIA-GREENE CC	451339	1866776	24.18
AUSTIN BEAUTY SCHOOL INC	250056	1037844	24.09
LEHIGH TECHNICAL SCHOOL	211345	878561	24.06
JEFFERSON CMTY COLLEGE	938173	3910157	23.99
RICHARD I BEAUTY SCHOOL	127285	533690	23.85
ONONDAGA-MADISON BOCES-PRAC NURSING	206082	864196	23.85
SCHENECTADY COUNTY CC	1270106	5333881	23.81
VISUAL ARTS,SCHOOL OF	5179876	21823342	23.74
PRATT INSTITUTE	8786920	37193807	23.62
NASSAU COUNTY BOCES PRACT NURS PROG	299587	1268737	23.61
SKINNER BUSINESS SCHOOL	456968	1937648	23.58
WESTCHESTER CMTY COLLEGE	1329974	5681750	23.41
MIDWAY-PARIS BEAUTY SCHOOL	85361	369897	23.08
SUNY COLLEGE AT NEW PALTZ	7534472	32858781	22.93
BRANSON ORT TECHNICAL INSTITUTE	102343	448879	22.80
MATER DEI COLLEGE	277132	1219553	22.72
SCHUYLER-CHEMUNG-TIOGA SCH PRAC NUR	68559	302439	22.67
STENOTYPE ACADEMY	105980	471640	22.49
ADIRONDACK CMTY COLLEGE	1466079	6547334	22.40
CAYUGA CO CMTY COLLEGE	1174537	5243444	22.40
WESTCHESTER BUS INST	997875	4514537	22.10
ROCHESTER BUS INSTITUTE	542888	2461033	22.06
LAB INST OF MERCHANDISING	391709	1800137	21.76
TECHNO-DENT SCH OF DENT LAB TECH	70750	326405	21.68
BRYANT-STRATTON BUS INST	1740384	8099296	21.49
BRYANT&STRATTON BUS IN	2165294	10136325	21.36
MOHAWK VLY CMTY COLLEGE	2926766	13711079	21.35
BARD COLLEGE	1122936	5279697	21.27
UTICA SCHOOL OF COMMERCE	391673	1851755	21.15
MADISON-ONEIDA BOCES/PRACT NUR PROG	44753	213416	20.97
TOMPKINS-CORTLAND CC	1355799	6466919	20.97
ACADEMY OF AERONAUTICS	1386487	6617826	20.95
LONG IS U SOUTHAMPTON COLLEGE	1761768	8417011	20.93
CUNY BERNARD BARUCH C	6159160	29608233	20.80
SYRIT COMPUTER SCHOOL SYSTEMS	115998	559722	20.72
CONTROL DATA INSTITUTE	1310422	6432467	20.37
DUTCHESS CMTY COLLEGE	1282076	6305348	20.33
KRISSLER BUSINESS INSTITUTE	291001	1433153	20.30
PARSONS SCHOOL OF DESIGN	3218432	15882418	20.26
CUNY QUEENS COLLEGE	5979142	29633633	20.18
AMERICAN CAREER SCHOOLS	234291	1173488	19.97
LONG ISLAND UNIV BROOKLYN CENTER	726536	3656159	19.87
MAR JON SCH OF BEAUTY CULTURE	60165	306014	19.66
MONROE COMMUNITY COLLEGE	3382229	17284072	19.57
NASSAU COMMUNITY COLLEGE	3460380	17781058	19.46
ISLAND DRAFTING & TECHNICAL INST	529349	2728229	19.40
HELEN FULD SCH OF NURSING	298138	1537546	19.39
CENTRAL ACADEMY OF BEAUTY CULTURE	50618	261131	19.38
BRONX BEAUTY COLLEGE	30986	160276	19.33

SCHSTATE=NEW YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
BANK STREET COLLEGE OF ED	849003	4394951	19.32
FASHION INST TECHNOLOGY	4401650	22836540	19.27
ROCKLAND CMTY COLLEGE	1599930	8375835	19.10
BOCES OF RENSSELAER SCH OF PRAC NUR	53025	279412	18.98
ST FRANCIS HOSP SCH OF PRACT NURS	66307	349709	18.96
CATTARAUGUS CTY BOCES/SCH PRAC NURS	109918	581300	18.91
CUNY GRADUATE SCH & UNIV CTR	1876324	9964168	18.83
NATIONAL SHAKESPEARE CO CONSERVATOR	92999	496045	18.75
ELMIRA COLLEGE	1704301	9094218	18.74
FINGER LAKES,CMTY COLLEGE	1339147	7231871	18.52
HUDSON VLY CMTY COLLEGE	3578504	19440224	18.41
COLUMBIA U MAIN DIVISION	1538382	8367350	18.39
TEACHERS COLLEGE AT COLUMBIA UNIVERSITY	6249757	34000520	18.38
EUROPEAN AMERICAN BEAUTY SCHOOL	46500	253049	18.38
SUBURBAN TECHNICAL SCHOOL	1445757	7888516	18.33
HERKIMER CO CMTY COLLEGE	960898	5340512	17.99
LONG ISLAND UNIV CENTRAL OFFICE	480602	2683078	17.91
NY INST TECHN NY CTY CAM	7415771	41507595	17.87
COLUMBIA UNIV SCH OF ARTS	933061	5236263	17.82
NIAGARA CO CMTY COLLEGE	1140216	6407405	17.80
MES TORAH VODAATH RAB SEM	69565	392240	17.74
PACE BUSINESS SCHOOL	196627	1116698	17.61
MISERICORDIA HOSP SCH OF NURSING	174530	991334	17.61
TOURO COLLEGE	1637201	9389415	17.44
LONG ISLAND BUSINESS INSTITUTES	93607	542328	17.26
GENESEE COMMUNITY COLLEGE	800774	4686648	17.09
HILBERT COLLEGE	323391	1896274	17.05
MARIA REGINA COLLEGE	103673	607934	17.05
MANHATTAN SCHOOL OF MUSIC	1074112	6304691	17.04
SUNY COLLEGE AT BROCKPORT	8226650	48587725	16.93
AUBURN INTERNATIONAL BEAUTY SCHOOL	32296	191702	16.85
ULTRASOUND DIAGNOSTIC SCHOOL	137027	817100	16.77
DAEMEN COLLEGE	1528764	9219892	16.58
JUILLIARD SCHOOL,THE	1002830	6094710	16.45
ERIE CC NORTH CAMPUS	2209635	13511674	16.35
ELMIRA BUSINESS INSTITUTE	169872	1048031	16.21
ALBANY OCCUP CTR-PRAC NURSING PROG	73462	454367	16.17
SIMMONS SCHOOL OF MORTUARY SCIENCE	132524	825064	16.06
LEWIS & WILSON TECH CTR-PRG PRAC NU	183875	1160617	15.84
NASSAU SCH FOR MED & DENTAL ASSIST	186174	1182774	15.74
OLEAN BUSINESS INSTITUTE	201353	1281211	15.72
NEW YORK THEOL SEMINARY	59450	379703	15.66
ENDICOTT INTERNATIONAL BEAUTY SCH	29131	186633	15.61
DOWLING COLLEGE	2495153	16023417	15.57
ERIE CC SOUTH CAMPUS	918169	5906225	15.55
BERKELEY SCHOOL NEW YORK	822556	5292463	15.54
D'YOUVILLE COLLEGE	1788701	11549989	15.49
COLUMBIA UNIV GRAD SCH OF ARTS/SCI	2117569	14055026	15.07
PACE UNIVERSITY NEW YORK	8845883	58826587	15.04
SUNY AGRL TECH C FARMNGDL	1932767	13099039	14.76
CENTRAL CTY BUSINESS INST	740228	5045312	14.67
LONG ISLAND BEAUTY SCHOOL	68749	470013	14.63

SCHSTATE=NEW YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
LONG IS U C W POST CENTER	9097218	62199095	14.63
WAGNER COLLEGE	2084570	14432115	14.44
CIRCLE IN THE SQUARE SCHOOL	80784	559375	14.44
PRES HOSP EDNA CLARK SCH OF NURSING	97950	678578	14.43
SUNY COLLEGE AT PURCHASE	1256472	8715917	14.42
COLUMBIA UNIV SCH OF SOCIAL WORK	2332950	16264458	14.34
FORDHAM UNIVERSITY	12449288	87313838	14.26
POLYTECHNIC INST NEW YORK	2742927	19349021	14.18
INSURANCE,COLLEGE OF	233320	1651261	14.13
LE PONTO'S HAIRSTYLING SCHOOL	32027	226838	14.12
CONCORDIA COLLEGE	344785	2451447	14.06
STEUBEN-ALLEGANY BOCES SCH/P.NURSIN	75976	541977	14.02
COOPER UNION	447619	3193790	14.02
ST JAMES MERCY HOSP SCH OF NURSING	119818	863026	13.88
SUNY AGRL & TECH C DELHI	1776507	12923013	13.75
BARCLAY CAREERS SCHOOLS	2266563	16587220	13.66
SUNY AT STONY BR MAIN CAM	10047048	73530851	13.66
COLUMBIA UNIV COLUMBIA COLLEGE	1700281	12517289	13.58
BROOME COMMUNITY COLLEGE	1504184	11168699	13.47
SPENCER BUSINESS INSTITUTE	162192	1209669	13.41
SUNY COLLEGE AT BUFFALO	5816387	43411970	13.40
BERKELEY SCHOOL-HICKSVL	432909	3239748	13.36
AMERICAN CAREER SCHOOLS	46022	344645	13.35
RIVERSIDE SCHOOL OF AERONAUTICS	139103	1049035	13.26
BROOME-DELAWARE-TIOGA/COMP ED SERV	56488	428523	13.18
ORANGE COUNTY BOCES SCH/PRAC NUR	38955	296948	13.12
COLUMBIA UNIV SCH OF JOURNALISM	635507	4864291	13.06
MANHATTANVILLE COLLEGE	794967	6093842	13.05
SUNY AGRL & TECH C CANTON	1506352	11848699	12.71
COLUMBIA PRES HOSP SCH OF NURSING	101091	805816	12.55
TROCAIRE COLLEGE	539369	4304699	12.53
MARIST COLLEGE	1940521	15563301	12.47
SUNY AGRL TECH C MORRISVL	1837326	14829386	12.39
NEW YORK UNIVERSITY	31246000	252631953	12.37
TOBE-COBURN SCH FASH CARE	377612	3101313	12.18
PAUL SMITH'S C ARTS & SCI	1011055	8319793	12.15
SNT JOSEPH'S C MAIN CAM	597001	4946254	12.07
ADELPHI UNIVERSITY	8973683	75556431	11.88
BUFFALO GEN HOSP SCH OF NURSING	213889	1803420	11.86
SUNY COLLEGE AT FREDONIA	3076401	26024585	11.82
MOUNT SAINT MARY COLLEGE	728318	6180321	11.78
UTICA C OF SYRACUSE U	1504208	12979416	11.59
SUNY AT BUFFALO MAIN CAM	17702146	153479749	11.53
CULINARY INST OF AMERICA	2507588	21752190	11.53
LONG ISLAND COL HOSP SCH XRAY TECH	105596	916900	11.52
MARYMOUNT COLLEGE	768276	6724893	11.42
BERKELEY SCHOOL,THE	798230	7050176	11.32
HOFSTRA UNIVERSITY	9317075	83225211	11.20
SUNY COLLEGE PLATTSBURGH	4058343	36281377	11.19
DOMINICAN C OF BLAUVELT	366658	3341170	10.97
KATHARINE GIBBS SCHOOL	864958	7933142	10.90
IONA COLLEGE	2537921	23318196	10.88

SCHDISTATEMEN TOPS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SARAH LAWRENCE COLLEGE	581503	5377478	10.81
SYRACUSE U MAIN CAMPUS	14237090	131969316	10.79
CAZENOVIA COLLEGE	438332	4067659	10.78
CANISIUS COLLEGE	2089230	19442232	10.75
MARIA COLLEGE OF ALBANY	382403	3604590	10.62
SAINT THOMAS AQUINAS C	604469	5708567	10.60
ELMIRA COLLEGE	462986	4380422	10.57
RIDLEY-LOWELL SCHOOL OF BUSINESS	168788	1604410	10.52
ST JOHN FISHER COLLEGE	1291153	12396377	10.42
ST. JOHN'S UNIV, NEW YORK	9569601	92483824	10.35
FLUSHING HOSP MED CTR SCH NURSING	44061	426953	10.32
MILDRED ELLEY BUSINESS SCHOOL	37832	367252	10.30
SUNY AT BINGHAMTON	4528973	45029121	10.06
NIAGARA UNIVERSITY	2341811	23438148	9.99
BRIARCLIFFE SECRETARIAL SCHOOL	268726	2690888	9.99
SUNY AGRL TECH C COBLESKL	1124016	11304214	9.94
NYACK COLLEGE	379156	3880220	9.77
SUNY AGRL & TECH C ALFRED	2550415	26361591	9.67
SUNY COLLEGE AT ONEONTA	2870427	29721922	9.66
MANHATTAN COLLEGE	2295035	23661165	9.66
SAINT ROSE, COLLEGE OF	1287228	13426478	9.59
MOLLOY COLLEGE	694616	7269600	9.56
COPE INSTITUTE	66462	695953	9.55
COLUMBIA UNIV SCH OF ARCHITECTURE	678912	7183547	9.45
SUNY COLLEGE AT OSWEGO	4361617	46150537	9.45
SUNY AT ALBANY	6677235	70676193	9.45
SUNY COLLEGE AT POTSDAM	2155241	22897359	9.41
SUNY COLLEGE AT GENESEO	2698375	28675576	9.41
ROBERTS WESLEYAN COLLEGE	361377	3844273	9.40
COLUMBIA UNIV INTERNATL/PUBLIC AFF	674786	7230404	9.33
BARNARD COLLEGE	838135	9092751	9.22
UNION THEOLOGICAL SEM	147400	1630231	9.04
YESHIVA UNIVERSITY MIDTOWN CENTER	86377	959115	9.01
JAMESTOWN BUSINESS COLLEGE	181883	2034624	8.94
SUNY COLLEGE AT UTICA/ROME	1134195	12760287	8.89
SUNY COLLEGE AT CORTLAND	2915085	32833617	8.88
NAZARETH C OF ROCHESTER	1285322	14559895	8.83
RUSSELL SAGE C MAIN CAM	1438726	16303425	8.82
CUNY BERNARD BARUCH COLLEGE	88828	1022087	8.69
VASSAR COLLEGE	836177	9702182	8.62
HOBART-WM SMITH COLLEGES	738019	8565460	8.62
OTSEGO AREA SCHOOL /PRACT/NURSING	35029	409565	8.55
NEW YORK LAW SCHOOL	2685303	31575177	8.50
BLAKE BUSINESS SCHOOL	123800	1457986	8.49
NEW YORK HOSP SCH OF XRAY TECH	36985	443795	8.33
SUNY COLLEGE OF AGRIC CORNELL UNIV	564876	6818261	8.28
GEN THEOLOGICAL SEM	105621	1279591	8.25
WORD OF LIFE BIBLE INSTITUTE	110241	1346055	8.19
COLGATE ROCHESTER DIVINITY SCHOOL	126976	1571863	8.08
ALFRED UNIVERSITY	957791	11905229	8.05
COLUMBIA UNIV SCH OF PUBLIC HEALTH	510858	6384806	7.99
KING'S COLLEGE	399276	4994386	7.99

SCHSTATE=NEW YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
WELLS COLLEGE	234723	2938938	7.99
BRIUMORE COLLEGE	890090	11223841	7.93
MUNO SCHOOL,THE	295752	3793311	7.80
SAINT BONAVENTURE U	1533384	19684493	7.79
LE MOYNE COLLEGE	1032001	13381803	7.71
ST VINCENTS HOSP SCH OF NURSING	181798	2365342	7.69
CROUSE-IRVING HOSP SCH OF NURSING	141568	1844511	7.67
COMMERICIAL DRIVER TRAINING INC	42500	560787	7.58
SWEDISH INSTITUTE	145490	1920813	7.57
NY ST C CERAMICS ALFRED U	231181	3103756	7.45
CATHOLIC MEDICAL CTR SCH OF NURSING	59733	809899	7.38
NEW YORK CHIROPRACTIC COL	2142514	29195693	7.34
PACE U WHITE PLAINS CAM	1000641	13773892	7.26
KATHARINE GIBBS SCHOOL	325595	4535667	7.18
GRUMMAN DATA SYSTEMS INSTITUTE	827632	11614594	7.13
HOUGHTON COLLEGE	508220	7133513	7.12
UNIV OF ROCHESTER EASTMAN SC MUSIC	153260	2209326	6.94
BETH ISRAEL SCH NURSING	74481	1083145	6.87
MT SNT VINCENT, COL OF	342937	5015701	6.84
YESHIVA UNIVERSITY	313216	4587990	6.83
COLUMBIA UNIV SCH OF BUSINESS	1977170	29211103	6.77
ITHACA COLLEGE	1903244	28266512	6.73
YESHIVA UNIVERSITY BROOKDALE CENTER	1915616	28626508	6.69
PACE U PLSNTVL-BRCLF CAM	1865053	28401967	6.57
ROCHESTER INST TECHNOLOGY	5301256	81335604	6.52
ST VINCENTS MED CTR SCH OF NURSING	64133	996152	6.44
HARTWICK COLLEGE	455486	7097486	6.42
SUTTON SECRETARIAL SCHOOL	49390	779325	6.34
SUNY MARITIME COLLEGE	441903	6973964	6.34
SIENA COLLEGE	1267553	20103000	6.31
COLUMBIA UNIV SCH OF ENG & APP SCI	668896	10631614	6.29
ARNOT OGDEN MEM HOSP SCH OF NURSING	43431	709151	6.12
CORNELL U ENDOWED COLS	5501805	95499183	5.76
HAUSMAN COMPUTER ASSOC/COMPU PROG	150572	2657706	5.67
NY COLLEGE PODIATRIC MED	867958	15078713	5.62
COLUMBIA UNIV SCH OF LAW	1180957	21452281	5.51
COLUMBIA UNIV SCH OF LIBRARY SERV	127636	2359495	5.41
HAMILTON COLLEGE	395449	7347099	5.38
COLUMBIA UNIV SCH OF NURSING	326443	6147339	5.31
COLGATE UNIVERSITY	567839	10803229	5.26
BROOKLYN LAW SCHOOL	1341362	27255988	4.92
SAINT LAWRENCE UNIVERSITY	561026	11768085	4.77
SUNY C ENVRNMTL SCI-FORS	522303	11121501	4.70
ALBERT EINSTEIN COLLEGE OF MEDICINE	981611	21435175	4.39
JEWISH THEOL SEM AMERICA	80495	1879736	4.28
SUNY DOWNSTATE MEDL CTR	1404692	33441748	4.20
ROCHESTER,UNIVERSITY OF	1873239	45099394	4.15
RABBINICAL SEM OF AMERICA	747016	18201410	4.10
UNION COLLEGE	504358	12499100	4.04
RENSSELAER POLY INSTITUTE	1415027	36271025	3.90
NEW YORK MEDICAL COLLEGE	1059580	27701374	3.83
CORNELL U MEDICAL CENTER	432212	11671762	3.70

SCHSTATE=NEW YORK

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
UNIV OF ROCHESTER EASTMAN SC MUSIC	56300	1543479	3.65
NEW YORK UNIV SCH OF MEDICINE	623028	17193482	3.62
COLUMBIA UNIV COL OF PHYS & SURGEONS	497681	14704407	3.38
US MERCHANT MARINE ACAD	40470	1203704	3.36
CLARKSON UNIVERSITY	1264801	38586362	3.28
ALBANY LAW SCHOOL	582558	19976289	2.92
ALBANY MEDL C OF UNION U	375250	13882484	2.70
MT. SINAI SCH OF MED CUNY	326997	13589430	2.41
SUNY UPSTATE MEDICAL CTR	449076	19161375	2.34
COLUMBIA UNIV SCH OF DENT/ORAL SURG	148[illegible]	7464231	1.99

SCHSTATE=OHIO

INST-NAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
[illegible] TECHNICAL INSTITUTE	3142668	6758229	46.50
WILBERFORCE UNIVERSITY	1527182	3501857	43.61
CENTRAL STATE UNIVERSITY	1946170	5483954	35.49
[illegible] BUSINESS COLLEGE	945426	2967505	31.86
CLEVELAND INSTITUTE OF ELECTRONICS	2529067	8087131	31.27
INTERNATIONAL BROADCASTING SCHOOL	196230	743235	26.40
ANTIOCH UNIVERSITY MAIN CAMPUS	11857305	45017656	26.34
CLEVELAND ST UNIV C MARSHALL LAW SC	132528	573719	23.10
MTI BUSINESS SCHOOL	272300	1269484	21.45
TECHNICHRON TECHNICAL INSTITUTE	143895	697979	20.62
[illegible] TECHNICAL INSTITUTE	190847	951220	20.06
OHIO C OF BUS AND TECH	438342	2238658	19.58
STAUTZENBERGER COLLEGE OF BUSINESS	554747	3054815	18.16
TRI-STATE BEAUTY COLLEGE	52500	330750	15.87
SOUTHWESTERN COLLEGE OF BUSINESS	117890	768405	15.24
CINCINNATI METROPOLITAN COLLEGE	129691	866339	14.97
ITT TECHNICAL INSTITUTE	698860	4864519	14.20
WASHINGTON TECH COLLEGE	152488	1095394	13.92
[illegible] INSTITUTE OF TECHNOLOGY	385917	2882066	13.39
SOUTHERN OHIO COLLEGE	2713826	20342336	13.34
ELECTRONIC SERVICING INSTITUTE	85000	653175	13.01
UNION EXPERIMENTING C & U	559204	4303622	12.99
SOUTHEASTERN BUSINESS COLLEGE	145786	1153630	12.64
ELECTRONIC TECH INST	857356	6993072	12.33
HAMMEL COLLEGE	591077	4827451	12.26
BELMONT TECHNICAL COLLEGE	209708	1988088	12.11
NATIONWIDE BEAUTY ACADEMY INC	61558	517510	11.89
COLUMBUS PARAPROFESSIONAL INSTITUTE	843482	7219619	11.68
HOBART SCH OF WELDING TECHNOLOGY	264228	2267284	11.65
[illegible] BEAUTY COLLEGE	33116	289079	11.49
ACADEMY OF COURT REPORTING	169000	1475601	11.45
[illegible] SCHOOL	519659	4638814	11.20
VIRGINIA MARTI FASH INST	86400	773898	11.19
URBANA COLLEGE	269375	2427426	11.10
GALLIA JACKSON VINTON JOINT SCH ADM	31375	287139	10.93
BLISS COLLEGE	209463	1925176	10.88
DYKE COLLEGE	219825	2032497	10.82
ANTONELLI INSTITUTE OF ART & PHOTO	69600	652912	10.66
JEFFERSON TECHNICAL C	112491	1056206	10.64
AKRON INST OF MED & DENT ASSISTANTS	191378	1927176	9.93
[illegible] COLLEGE OF BUSINESS	146904	1523818	9.64
OHIO STATE SCHOOL OF COSMETOLOGY	169061	1782107	9.49
STEUBENVILLE, U OF	945876	9772472	9.68
INST OF COMPUTER MANAGEMENT	727419	7769286	9.40
METHODIST THEOL SCH OHIO	126218	1384544	9.12
DEVRY INST OF TECHNOLOGY	3694451	41071033	9.00
SHAWNEE STATE COMMUNITY COLLEGE	313451	3529099	8.88
DAVIS JUNIOR COLLEGE	267456	3042654	8.79
MUSKINGUM AREA TECH C	188911	2160432	8.74
YOUNGSTOWN ST UNIVERSITY	1637718	18990432	8.72
FRANKLIN UNIVERSITY	586551	6750442	8.69
COLUMBUS TECHNICAL INST	946997	10658619	8.67

SCHSTATE=OHIO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PIERCE-JACOBS JC BUSINESS	151167	1829959	8.26
TOLEDO SCH OF PRAC NURSING [illegible]	62002	919720	8.16
TERRA TECHNICAL COLLEGE	209686	2576783	8.10
HICKOK TECHNICAL INSTITUTE	126299	1562327	8.09
OHIO STATE COLLEGE OF BARBER STYLE	53719	670386	8.01
BRADFORD SCHOOL	208008	3098080	7.97
NORTH ADULT EDUCATION CENTER	64700	960011	7.97
CLEVELAND INST OF DENTAL-MED ASST	164750	2060089	7.97
FINDLAY COLLEGE	411096	5163030	7.96
EDISON STATE COMMUNITY COLLEGE	147936	1599324	7.94
OHIO DOMINICAN COLLEGE	293016	3698111	7.92
RIO GRANDE COLLEGE	402192	5581238	7.92
NATIONAL EDUC CTR-NAT INST OF TECH	498541	6349331	7.85
OHIO STATE COL OF BARBER STYLING	52029	670150	7.84
COLUMBUS C ART AND DESIGN	390779	5007161	7.80
LORAIN BUSINESS COLLEGE	39900	516599	7.70
OHIO SCHOOL OF BROADCAST TECHNIQUE	131671	1710230	7.70
CONTROL DATA INSTITUTE	150000	1973065	7.62
HEIDELBERG COLLEGE	390041	4717396	7.60
AKRON SCH OF PRACTICAL NURSING	41122	554630	7.41
OHIO DIESEL TECHNICAL INSTITUTE	416031	5719973	7.27
DEFIANCE COLLEGE	376860	5317041	7.09
CUYAHOGA CMTY COL GEN OFFICE	430632	6125079	7.03
HIRAM COLLEGE	242011	4013097	7.03
OHIO C PODIATRIC MEDICINE	963009	13795233	6.99
OWENS ST CMTY COL	79475	1149719	6.91
[illegible] TECH CENTER	100936	1461390	6.91
TIFFIN ACADEMY OF HAIR DESIGN	33210	488494	6.80
WILMINGTON COLLEGE	224556	3349944	6.76
OHIO STATE BEAUTY ACADEMY INC	45204	676721	6.68
A. T. E. S. TECH INST	164979	2209383	6.65
HOCKING TECHNICAL COLLEGE	536295	8151540	6.58
CIRCLEVILLE BIBLE COLLEGE	56630	876807	6.49
NORTHWEST TECH COLLEGE	115706	1028511	6.33
CENTRAL OHIO TECHNICAL C	137067	2234598	6.17
SINCLAIR CMTY COLLEGE	249977	4919845	6.09
OHIO U MAIN CAMPUS	4690137	78403726	5.99
UNITED THEOLOGICAL SEM	82206	1377422	5.97
OBERLIN COLLEGE	606339	10976716	5.89
MOUNT UNION COLLEGE	310916	5620122	5.89
KENT STATE U MAIN CAMPUS	3359263	57960677	5.80
LORAIN CO CMTY COLLEGE	163045	2863978	5.69
LAKE ERIE COLLEGE	194792	3498891	5.58
MARION TECHNICAL COLLEGE	103569	1860690	5.54
ITT TECHNICAL INSTITUTE	419599	7972261	5.51
KENT ST E LIVERPL REG CAM	33276	605109	5.50
NORTH CEN TECH COLLEGE	212301	3867209	5.49
KENT ST ASHTABULA REG CAM	44492	813043	5.47
WALSH COLLEGE	100320	1968059	5.40
DAYTON, UNIVERSITY OF	2559776	47766211	5.36
ASHLAND COLLEGE	723039	13609712	5.31
MARIETTA COLLEGE	368377	7126114	5.17

[illegible]

[illegible]	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	% IN DEFAULT OVER 90 NOT IN SCHOOL
[illegible] COLLEGE	[illegible]	[illegible]	[illegible]
CLEVELAND INST OF ART	[illegible]	[illegible]	[illegible]
CINCINNATI COLLEGE OF MORTUARY SCI	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
OHIO WESLEYAN UNIVERSITY	[illegible]	[illegible]	[illegible]
CLARK TECHNICAL COLLEGE	[illegible]	[illegible]	[illegible]
CLEVELAND INST OF MUSIC	[illegible]	[illegible]	[illegible]
CINCINNATI TECH COLLEGE	[illegible]	[illegible]	[illegible]
OHIO NORTHERN UNIVERSITY	[illegible]	[illegible]	[illegible]
CINCINNATI MAIN CAM, U OF	[illegible]	[illegible]	[illegible]
BALDWIN-WALLACE COLLEGE	[illegible]	[illegible]	[illegible]
LIMA TECHNICAL COLLEGE	[illegible]	[illegible]	[illegible]
CAPITAL UNIVERSITY	[illegible]	[illegible]	[illegible]
CLEVELAND ST UNIVERSITY	[illegible]	[illegible]	[illegible]
HIRAM COLLEGE	[illegible]	[illegible]	[illegible]
[illegible] UNIVERSITY	[illegible]	[illegible]	[illegible]
AKRON MAIN CAMPUS, U OF	[illegible]	[illegible]	[illegible]
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JOHN CARROLL UNIVERSITY	[illegible]	[illegible]	[illegible]
[illegible] COLLEGE OF	[illegible]	[illegible]	[illegible]
CEDARVILLE COLLEGE	[illegible]	[illegible]	[illegible]
CINCINNATI BIBLE SEMINARY	[illegible]	[illegible]	[illegible]
MOUNT VERNON NAZARENE C	[illegible]	[illegible]	[illegible]
CASE WESTERN RESERVE U	[illegible]	[illegible]	[illegible]
[illegible] STATE UNIV CENTRAL OFFICE	[illegible]	[illegible]	[illegible]
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OTTERBEIN COLLEGE	[illegible]	[illegible]	[illegible]
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TOLEDO, UNIVERSITY OF	[illegible]	[illegible]	[illegible]
BOWLING GRN ST U MAIN CAM	[illegible]	[illegible]	[illegible]
OHIO STATE UNIV CENTRAL OFFICE	[illegible]	[illegible]	[illegible]
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OWENS TECHNICAL COLLEGE	[illegible]	[illegible]	[illegible]
MALONE COLLEGE	[illegible]	[illegible]	[illegible]
MUSKINGUM COLLEGE	[illegible]	[illegible]	[illegible]
WITTENBERG UNIVERSITY	[illegible]	[illegible]	[illegible]
STARK TECHNICAL COLLEGE	[illegible]	[illegible]	[illegible]
TIFFIN UNIVERSITY	[illegible]	[illegible]	[illegible]
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MIAMI UNIVERSITY CENTRAL OFFICE	[illegible]	[illegible]	[illegible]
UNIV OF CINCINNATI COL OF MED	[illegible]	[illegible]	[illegible]
WRIGHT STATE UNIV SCH OF MEDICINE	[illegible]	[illegible]	[illegible]
LAKELAND CMTY COLLEGE	[illegible]	[illegible]	[illegible]

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SCHSTATE=OR

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
TREASURE VLY CMTY COLLEGE	118300	302882	39,06
CHEMEKETA CMTY COLLEGE	92758	259297	35,77
EASTERN OREGON ST COLLEGE	310293	929759	33,37
PACIFIC NTHWST C ART	30080	106130	28,34
LANE COMMUNITY COLLEGE	113754	430810	26,40
CENTRAL OREG CMTY COLLEGE	13928	58323	23,87
COLEGIO CESAR CHAVEZ	7364	31555	23,34
PORTLAND CMTY COLLEGE	65749	297452	22,10
COLLEGE OF LEGAL ARTS	17250	82607	20,88
STHWSTN OREG CMTY COLLEGE	11931	58446	20,41
BLUE MTN CMTY COLLEGE	14125	70096	20,15
BRADFORD SCHOOL	16438	83168	19,76
COMPUTER CAREER INSTITUTE	63923	324674	19,69
NORTH PACIFIC DENTAL & MEDICAL COL	1500	8350	17,96
STHN OREGON ST COLLEGE	174491	1032163	16,91
ITT TECHNICAL INSTITUTE	1895445	12395064	15,29
BASSIST COLLEGE	46163	303735	15,20
WESTERN BUSINESS COLLEGE	305806	2037774	15,01
NORTHWESTERN COLLEGE OF BUSINESS	75685	506595	14,94
CLACKAMAS CMTY COLLEGE	6325	43046	14,69
MERRITT DAVIS BUSINESS COLLEGE	19400	137373	14,12
WSTN OREGON ST COLL	95929	733926	13,07
EXEC INST OF HAIR DESIGN MEN/WOMEN	5000	39037	12,81
MERRITT DAVIS SCHOOL OF COMMERCE	27250	223570	12,19
LINN-BENTON CMTY COLLEGE	20198	166441	12,14
JUDSON BAPTIST COLLEGE	32200	276890	11,63
COLUMBIA CHRISTIAN C	59188	526993	11,23
WARNER PACIFIC COLLEGE	35735	324079	11,03
REED COLLEGE	268486	2701298	9,94
GEORGE FOX COLLEGE	46248	477195	9,69
OREGON INST OF TECHNOLOGY	58342	615888	9,47
EUGENE BIBLE COLLEGE	28850	306757	9,40
OREGON POLYTECHNIC INSTITUTE	64940	700963	9,26
CONCORDIA COLLEGE	31161	344232	9,05
LINFIELD COLLEGE	127582	1413754	9,02
PORTLAND STATE UNIVERSITY	213180	2414578	8,83
MOUNT HOOD CMTY COLLEGE	25733	299432	8,59
MARYLHURST COLLEGE	39551	483549	8,18
WESTERN BAPTIST COLLEGE	37372	465227	8,03
NTHWST CHRISTIAN COLLEGE	12518	156045	8,02
CLATSOP COMMUNITY COLLEGE	10565	136350	7,75
OREGON, UNIV OF	924457	11969602	7,72
PORTLAND,UNIVERSITY OF	161633	2256994	7,16
UMPQUA COMMUNITY COLLEGE	5020	73341	6,84
LEWIS AND CLARK COLLEGE	178560	2627726	6,80
PACIFIC UNIVERSITY	129370	2028865	6,39
WILLAMETTE UNIVERSITY	271883	4363202	6,23
WSTN STATES CHIRPRCTC C	234120	4168412	5,62
OREGON STATE UNIVERSITY	361954	6520262	5,55
LEWIS & CLARK COLLEGE - COL OF LAW	190151	3523562	5,40
OREGON HEALTH SCIENCES UNIV DEN SCH	23990	469328	5,11
OREGON HEALTH SCIENCES UNIV DEN SCH	11172	321896	3,47

SCHSTATE=OR

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
GOOD SAMARITAN HOSP SCH OF NURSING	2000	65620	3,05
OREGON HLTH SCI UNIV	2770	158822	1,74
HILLSBORO SCHOOL OF BEAUTY	1250	79500	1,57
OREGON POLY INSTITUTE	.	.	.
A ART COLLEGE OF BEAUTY	.	5000	.
SPRINGFIELD COLLEGE OF BEAUTY	.	2500	.
OREGON COLLEGE OF BUSINESS	.	.	.
ROGUE COMMUNITY COLLEGE	.	44532	.
ACADEMY OF HAIR DESIGN	.	2312	.
PHAGANS BEAUTY COLLEGE	.	8725	.
PHAGANS GATEWAY COLLEGE OF BEAUTY	.	22899	.
PHAGANS SCHOOL OF BEAUTY	.	2500	.
GRANTS PASS COLLEGE OF BEAUTY	.	22500	.

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
APEX SCHOOL OF BEAUTY CULTURE	33135	36385	91,07
CAREER EDUCATIONAL INSTITUTE	2689796	3424074	78,56
HEAD HUNTERS ACADEMY OF COSMETOLOGY	634137	824137	76,95
CHARLES M PRICE SCH OF ADV & JOUR	35241	47016	74,96
WELDER TRAINING & TESTING INSTITUTE	1808023	2624383	68,89
MISS CONNIE KERSHAW'S BEAUTY ACAD	122463	179351	68,28
WIL-MAR COLLEGE OF COSMETOLOGY	200746	307296	65,33
AMERICAN TECHNICAL INSTITUTE	197704	302980	65,25
WILFRED ACADEMY	1382064	2149072	64,31
BEREAN INSTITUTE	449280	707064	63,54
MAISON FELIX BEAUTY SCHOOL	138059	217638	63,44
CHEYNEY U PENNSYLVANIA	11276146	17868865	63,10
WILFRED ACAD OF HAIR & BEAUTY CULT	4955417	7926668	62,52
FRANKLIN SCH OF SCIENCE & ARTS	444817	721242	61,67
WIL-MAR BEAUTY SCHOOL	55455	90230	61,46
DELAWARE VALLEY SCHOOL OF TRADES	2969402	4988695	59,52
TRACEY-WARNER SCHOOL	679823	1154200	58,90
LEVITAN SCHOOL	40912	69681	58,71
MAISON FELIX BEAUTY SCHOOL	41068	70260	58,44
NATIONAL SCH OF HEALTH TECHNOLOGY	4509479	7842392	57,50
AMERICAN ACADEMY OF BROADCASTING	1014744	1784369	56,88
AIRCO TECHNICAL INSTITUTE	2878632	5113661	56,29
AUTOMOTIVE TRAINING CENTER	57030	101597	56,13
WHEELER SCHOOL	3409894	6131808	55,61
COMPUTER COMMUNICATIONS INSTITUTE	3516019	6394165	54,99
PHILADELPHIA WIRELESS TECH INST	58938	107180	54,99
INST OF COMPUTER SCIENCE-TRADE/TECH	723886	1317332	54,95
AIRCO TECHNICAL INSTITUTE	5368695	9931128	54,06
DELAWARE COUNTY INSTITUTE OF TRAINI	527373	978663	53,89
PTC CAREER INSTITUTE - PHILADELPHIA	9061731	16915764	53,57
PHILADELPHIA, CC OF	6107494	11582179	52,73
SAWYER SCHOOL	3415477	6590947	51,82
PHILADELPHIA SCH OF OFFICE TRAINING	3399926	6605533	51,47
CRAFT FASHION INSTITUTE	1047477	2100388	49,87
LINCOLN UNIVERSITY	5912578	11966971	49,41
FASHION ACADEMY OF PITTSBURGH	104990	216979	48,39
MURRELL DOBBINS AREA VOC-TECH SCH	37875	78591	48,19
PALMER SCHOOL	926130	1949313	47,51
PHILADELPHIA SCHOOL OF PRINTING AND ADVERTISING	1581286	3420990	46,22
LYONS TECHNICAL INSTITUTE	5173849	11198403	46,20
PHILA GEN HOSP SCH OF NURSING	39300	87503	44,91
GORDON PHILLIPS SCH OF BTY CULTURE	1229711	2775490	44,31
ELEGANT SCHOOL OF BEAUTY	327546	757995	43,21
PHILADELPHIA TECH INST SCH OF TRADE	82953	193682	42,83
NORTHEAST INSTITUTE OF EDUCATION	469171	1119068	41,93
ELLEN CUSHING JR COLLEGE	64450	155580	41,43
FRANCO BEAUTY ACADEMY	132348	320991	41,23
ALLEGHENY BEAUTY ACADEMY	52393	128083	40,91
WESTERN SCH/HLTH BUSINESS CAREER	1047105	2566262	40,80
PA INSTITUTE TECHNOLOGY	1041424	2608643	39,92
MCCARRIE SCLS OF HLTH SCI	1941552	4887370	39,73
J H THOMPSON ACADEMIES	2474968	6248207	39,61

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
PENN COMMERCIAL BEAUTY ACADEMY	207955	537053	38.72
GORDON PHILLIPS SCH OF BTY CULTURE	219659	567400	38.71
IVY SCHOOL OF PROFESSIONAL ART	698913	1825998	38.28
WILFRED ACAD OF HAIR & BEAUTY CULT	1047873	2761816	37.94
NORTHEASTERN CHRISTIAN JC	416169	1116149	37.29
CHEENAS BEAUTY ACADEMY	132106	357048	37.00
PITTSBURGH BARBER SCHOOL INC	221082	598483	36.94
RUNWAY-FIVE-AVIATION INC	78234	213728	36.60
M T A	18348213	50474441	36.35
COMBS COLLEGE OF MUSIC	254435	700253	36.33
GORDON PHILLIPS SCH OF BTY CULTURE	1180665	3294934	35.83
OPTICIANS INSTITUTE	242762	680226	35.69
WELDER TRAINING & TESTING INSTITUTE	650352	1832565	35.49
NORTHEASTERN TECHNICAL INSTITUTE	6725303	19226027	34.98
GORDON PHILLIPS SCH OF BTY CULTURE	633888	1847495	34.31
WILLOW GROVE BEAUTY ACADEMY	86350	254028	33.99
NEW CASTLE SCHOOL OF BEAUTY CULTURE	107334	316385	33.93
DUFFS BUSINESS INSTITUTE	4546391	13426249	33.86
CMTY COL OF ALLEG COUNTY	8674740	25934218	33.45
DEAN INST TECHNOLOGY	1928977	5813737	33.18
CONNELLEY SKILL-LEARNING CENTER	548805	1668466	32.89
ERIE BEAUTY & MENS HAIRSTYLING ACAD	147923	455355	32.49
ROSEDALE TECHNICAL INSTITUTE	2327457	7166874	32.48
TECHNICIAN TRAINING SCHOOL	1830373	5704151	32.09
YORKTOWNE BUSINESS INSTITUTE	878552	2802975	31.34
FPM DATA PROCESSING SCHOOL, INC	257719	826437	31.18
TRIANGLE TECH	1701298	5484911	31.02
FAYETTE INSTITUTE OF COMM & TECH	27550	88925	30.98
EMPIRE BEAUTY SCHOOL INC OF HARRISB	163087	528401	30.86
COMPUTER SYSTEMS INST INC	2694786	8770687	30.72
PEIRCE JUNIOR COLLEGE	2621681	8532030	30.72
NEW CASTLE SCHOOL OF TRADES	1116397	3652714	30.56
VALLEY FORGE MILITARY JC	85800	282585	30.36
EMPIRE BEAUTY SCHOOL INC	150338	496224	30.30
JO-MAR BEAUTY SCHOOL	71889	238399	30.15
CLARISSA SCHOOL	300633	1004240	29.94
PA ST U WRTHGTN SCRTN CAM	37162	124597	29.83
ORLEANS TECHNICAL INSTITUTE	204988	694097	29.53
SHENANGO VALLEY SCHOOL OF BUSINESS	428355	1503636	28.49
UNIONTOWN BEAUTY ACADEMY	177480	627440	28.29
WELDER TRAINING & TESTING INSTITUTE	336285	1192252	28.21
PITTSBURGH BEAUTY ACADEMY	1628106	5839739	27.88
LINCOLN TECHNICAL INSTITUTE	1557891	5643134	27.61
NEW SCHOOL OF MUSIC	87270	316143	27.60
ICM SCHOOL OF BUSINESS	5660022	20588786	27.49
COMPUTER LEARNING CENTER	1025627	3735050	27.46
PA STATE U DELAWARE CAM	29000	105823	27.40
JAMES MARTIN SCH ADULT VOC TECHCTR	110154	402552	27.36
PENNCO TECH	3602284	13190337	27.31
GORDON PHILLIPS SCH OF BTY CULTURE	148279	545971	27.16
DELAWARE CO CMTY COLLEGE	1719158	6389777	26.90
MEDIAN SCH ALLIED HEALTH	2755567	10307704	26.73

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
JERRYTONE SCHOOL OF BEAUTY CULTURE	141205	531436	26.57
PA STATE U OGONTZ CAMPUS	69690	230136	26.37
AMERICAN INST DRAFTING	723580	2761352	26.20
CAREER INSTITUTE	139220	535664	25.99
GORDON PHILLIPS SCH OF BTY CULTURE	224399	874969	25.65
PENN COMMERCIAL COLLEGE	290515	1135347	25.59
HUSSIAN SCH ART	4107190	16067796	25.56
ALVERNIA SCH OF PRAC NURSING	414057	1626254	25.46
WEST SIDE AREA VOC-TECH SCH	78605	310680	25.30
EMPIRE BEAUTY SCHOOL	64051	256606	24.96
GATEWAY TECHNICAL INSTITUTE INC	33267	133648	24.89
SCHOOL OF COMPUTER TECHNOLOGY	1372008	5579702	24.59
VENUS BEAUTY SCHOOL	4139118	16868152	24.58
ART INSTITUTE PITTSBURGH	215699	880367	24.50
PHILA C PERFORMING ARTS	7497882	31198448	24.03
WESTMORELAND COUNTY CC	839659	3496505	24.01
PHILA COLLEGE OF ART	1566479	6561802	23.87
EMPIRE BEAUTY SCHOOL	2632837	11061017	23.80
U OF PENN HOSP SCH OF NURSING	65047	275217	23.63
FRANCO BEAUTY ACADEMY	49820	210842	23.63
READING AREA CMTY COLLEGE	70861	298438	23.61
BUCKS COUNTY CMTY COLLEGE	685961	2916877	23.52
MONTGOMERY CO COMMUNITY C	1108010	4749943	23.33
EMPIRE BEAUTY SCHOOL INC OF HARRISB	1085083	4677678	23.20
RETS ELECTRONIC SCHOOLS	152241	661894	23.00
PINEBROOK JUNIOR COLLEGE	3120566	13651133	22.86
PA STATE U FAYETTE CAMPUS	127770	564518	22.63
ART INST PHILADELPHIA	86757	384329	22.57
EMPIRE BEAUTY SCHOOL	2175146	9711357	22.40
ANTONELLI INST ART-PHOTO	82903	373239	22.21
LACKAWANNA JUNIOR COLLEGE	771030	3472698	22.20
LANCASTER BEAUTY COLLEGE	777705	3539997	21.97
HEAD HUNTERS WEST SHORE ACADEMY	63100	289932	21.76
A EINSTEIN MED CTR SCH OF NURSING	68104	315106	21.61
NATL EDUCATION CENTER-THOMPSON INST	409476	1914352	21.39
PENN ACAD OF COSMETOLOGY ARTS & SCI	2411385	11377250	21.19
BEAVER CO,CMTY COLLEGE OF	444148	2098556	21.16
WASHINGTON INSTITUTE OF TECHNOLOGY	1267463	6037413	20.99
TEMPLE UNIVERSITY	283458	1355349	20.91
HARRISBURG AREA CC	35461816	170437626	20.81
INSTITUTE OF SECURITY & TECHNOLOGY	1087761	5245816	20.74
FAYETTE CTY VOC-TECH PRACT NUR PROG	195321	941985	20.74
CENTER FOR DEGREE STUDIES	57075	279993	20.38
WILMA BOYD CAREER SCHOOLS INC	103488	511494	20.23
NEW KENSINGTON COMMERCIAL SCHOOL	4932687	24483722	20.15
NATL ED CENTER-ALLENTOWN BUS SCH	510007	2547624	20.02
PA STATE U MCKEESPORT CAM	934777	4683909	19.96
CONTROL DATA INSTITUTE	48615	243901	19.93
SOUTH HILLS BEAUTY ACADEMY	278099	1398545	19.88
ALLENTOWN SCHOOL OF COSMETOLOGY	58760	297226	19.77
EMPIRE BEAUTY SCHOOL	78831	400257	19.70
	72880	371747	19.60

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
EMPIRE BEAUTY SCHOOL	59839	306090	19.55
PRESBYTERIAN HOSP SCH OF PRA NURS	42747	219452	19.48
PENN STATE COSMETOLOGY	62946	324813	19.38
LUZERNE CO CMTY COLLEGE	879176	4624046	19.01
MONROEVILLE SCHOOL OF BUSINESS	192063	1012495	18.97
EASTERN MONTGOMERY CO TECH SCHOOL	36984	195913	18.88
PHILA C TEXTILES AND SCI	2684036	14274273	18.80
CALIFORNIA UNIV OF PA	5882876	31287585	18.80
UNITED WESLEYAN COLLEGE	281187	1499150	18.76
ALTOONA AREA VOC-TECH SCHOOL	100962	545147	18.52
CIMERONI BEAUTY ACADEMY	32425	176150	18.41
WILLIAMSPORT SCHOOL OF COMMERCE	262870	1428652	18.40
RESTAURANT SCHOOL	167157	924751	18.08
KEYSTONE JUNIOR COLLEGE	984073	5468870	17.99
GREENE CO VOC-TECH SCHOOL	40769	226781	17.98
BUSINESS CAREERS INSTITUTE INC	298083	1662260	17.93
BUTLER CO CMTY COLLEGE	665377	3751725	17.74
PA ST U BEHREND COLLEGE	69120	390567	17.70
CENTRE CTY VOC-TECH SCH PRAC NURS	80787	456561	17.69
INDUSTRIAL MGMT INST OF READING	31100	175967	17.67
EMPIRE BEAUTY SCHOOL	94420	538364	17.54
PITTSBURGH TECH INST	972967	5554930	17.52
ARDUM BEAUTY ACADEMY	40240	231933	17.35
FRANKLIN-MORRIS ACADEMY	322369	1865366	17.28
PA ST U WILKES-BARRE CAM	35250	204731	17.22
BUCKS COUNTY TECHNICAL SCHOOL	30100	175028	17.20
BRYLAND SCHOOL OF BEAUTY	57112	333866	17.11
PENNSYLVANIA ACAD OF THE FINE ARTS	180828	1057568	17.10
EMPIRE BEAUTY SCHOOL	70637	415286	17.01
CENTRAL CHESTES CO TECH PRAC NURS	37092	218298	16.99
LEHIGH CO CMTY COLLEGE	827206	4871989	16.98
NATL EDUCATION CENTER-VALE TECH	1194118	7211151	16.56
GREATER JOHNSTOWN AREA VOC-TECH SCH	300570	1815846	16.55
WELDER TRAINING & TESTING INSTITUTE	145112	896663	16.18
CHATHAM COLLEGE	609726	3788887	16.09
MOORE COLLEGE OF ART	872661	5432333	16.06
YORK COUNTY AREA VOC-TECH SCHOOL	113932	710753	16.03
STROUDSBURG SCHOOL OF COSMETOLOGY	34818	217248	16.03
EMPIRE BEAUTY SCHOOL	52825	334759	15.78
GRACE MARTIN SCH OF SECRETARIAL ART	30960	197080	15.71
LA SALLE UNIVERSITTY	5141609	32731268	15.71
PITTSBURGH THEOL SEMINARY	171696	1095722	15.67
SPRING GARDEN COLLEGE	1030185	6613275	15.58
HARCUM JUNIOR COLLEGE	977701	6283819	15.56
EASTERN BAPTIST THEOL SEM	172939	1129035	15.32
PITTSBG TITUSVL CAM,U OF	130921	862226	15.18
EMPIRE BEAUTY SCHOOL	56219	370550	15.17
PA STATE U ALTOONA CAM	97209	643341	15.11
EMPIRE BEAUTY SCHOOL	45081	304118	14.96
PA STATE U BEAVER CAMPUS	60930	407730	14.94
TRIANGLE TECH	353955	2380205	14.87
PRAC NURSING PGRM LACKAWANNA CAVTS	51695	347919	14.86

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
LA ROCHE COLLEGE	967893	6519686	14.85
ELEC INST-PITTSBURGH	1044668	7057164	14.80
GREENSBURG INSTITUTE OF TECHNOLOGY	230910	1569132	14.72
TRIANGLE TECH	290146	1906117	14.70
LANCASTER SCHOOL OF COSMETOLOGY	59139	403793	14.65
MERCYHURST COLLEGE	1646212	11274285	14.60
SOUTH HILLS BUSINESS SCHOOL	248682	1707992	14.56
ALLIANCE COLLEGE	293680	2017102	14.56
ROBERT MORRIS COLLEGE	4866870	33983020	14.32
ACADEMY OF HAIR DESIGN	35975	251818	14.29
CARLOW COLLEGE	1095488	7749307	14.14
YORK ACADEMY OF ARTS INC	243536	1724848	14.12
EPISCOPAL HOSP SCH OF NURSING	107826	763907	14.12
PRUNTUS HAIR DSGN INST-BTY SCH COSM	36750	262576	14.00
EMPIRE BEAUTY SCHOOL	80212	577403	13.89
NORTHAMPTON CO AREA CC	720572	5204114	13.85
PITTSBG GREENSBG CAM,U OF	488434	3542911	13.79
DOUGLAS SCHOOL OF BUSINESS, INC.	36924	268056	13.77
EMPIRE BEAUTY SCHOOL	82106	599224	13.70
PENN TECHNICAL INSTITUTE	889840	6562015	13.56
BRADFORD SCHOOL	2050144	15133320	13.55
EASTERN COLLEGE	575027	4249372	13.53
CHURCHMAN BUSINESS COLLEGE	104442	776804	13.45
EDINBORO UNIV OF PA	5653654	42058851	13.44
PA STATE U CAPITOL CAMPUS	243700	1821509	13.38
READING-MUHLENBERG VOC-TECH SCH	74503	562079	13.25
WAYNESBURG COLLEGE	1042867	7873009	13.25
CENTRE BUSINESS SCHOOL	122808	927886	13.24
PITTSBG MAIN CAMPUS,U OF	24359772	185019112	13.17
CABRINI COLLEGE	611216	4707197	12.98
PITTSBURGH INST AERON	1021160	7902500	12.92
PA ST U NEW KENSINGTN CAM	53754	417303	12.88
CURTIS INSTITUTE OF MUSIC	58838	457897	12.85
CAMBRIA-ROWE BUSINESS COLLEGE	355602	2776684	12.81
SAINT VINCENT COLLEGE	851867	6499100	12.72
DUQUESNE UNIVERSITY	8060475	64118646	12.57
ST AGNES MED CTR SCH OF NURSING	68063	542101	12.56
EAST STROUDSBG UNIV OF PA	3268516	26151717	12.50
SLIPPERY ROCK UNIV OF PA	5891029	47266822	12.46
AUTOMOTIVE TRAINING CENTER	239080	1919358	12.46
THOS JEFFERSON UNIV SCH OF NURSING	73138	590698	12.38
SAINT JOSEPH'S UNIVERSITY	2447766	19828036	12.34
BEAVER COLLEGE	1032442	8407689	12.28
SCHUYLKILL BUSINESS INSTITUTE	42684	348030	12.27
KEYSTONE SECRETARIAL & BUS ADM SCH	73770	602459	12.24
PRESBYTERIAN HOSP SCH OF NURSING	60400	494117	12.22
WILLIAMSPORT AREA CC	3119774	25565855	12.20
PITTSBG BRADFORD CAM,U OF	523405	4335766	12.07
GANNON UNIVERSITY	2467419	22241764	11.99
WEST CHESTER UNIV OF PA	4990989	41720971	11.96
VALLEY FORGE CHRISTIAN C	348002	2934148	11.86
KATHERINE GIBBS SCHOOL	365062	3098015	11.78

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
ALVERNIA COLLEGE	329453	2796691	11,78
PHILA COLLEGE OF BIBLE	416695	3594416	11,59
MERCER CO AREA VOC-TECH SCHOOL	45346	394151	11,50
ALTOONA SCH OF COMMERCE & ZETH SCH	129107	1133258	11,39
PA ST U SHENANGO VLY CAM	25638	226683	11,31
WIDENER UNIV, PA CAMPUS	2812492	25212112	11,16
ST FRANCIS MEDICAL CTR SCH NURSING	246448	2222676	11,09
WILKES COLLEGE	2036964	18400814	11,07
TEMPLE UNIVERSITY AMBLER CAMPUS	1391301	12614134	11,03
CHESTNUT HILL COLLEGE	394766	3586744	11,01
ERIE BUSINESS CENTER	409430	3734968	10,96
KUTZTOWN UNIV OF PA	3441701	31880294	10,80
MARYWOOD COLLEGE	1905481	17801673	10,70
METHODIST HOSP SCH OF NURSING	54336	510752	10,64
LANSDALE SCHOOL OF BUSINESS	140796	1326995	10,61
SCRANTON,UNIVERSITY OF	2617197	25734028	10,17
LANCASTER THEOLOGICAL SEM	106829	1052986	10,15
MANSFIELD UNIV OF PA	2214298	21996391	10,07
THOMPSON SCHOOL OF BUSINESS & TECH	34050	342781	9,93
THIEL COLLEGE	885689	8922127	9,93
LINCOLN TECHNICAL INSTITUTE	1228057	12508525	9,82
MILLERSVILLE UNIV OF PA	3343860	34473614	9,70
UPPER BUCKS CO AREA VOC-TECH SCH	44850	464874	9,65
PITTSBURGH INST OF MORTUARY SCI	118006	1251934	9,43
CLARION UNIVERSITY OF PENNSYLVANIA	3392384	36637451	9,26
ROSEMONT COLLEGE	259385	2801412	9,26
DREXEL UNIVERSITY	5885255	64083231	9,18
MOUNT ALOYSIUS JR COLLEGE	456994	5020654	9,10
SETON HILL COLLEGE	554568	6129997	9,05
IMMACULATA COLLEGE	357427	3990837	8,96
DU BOIS BUSINESS COLLEGE	243740	2727405	8,94
KING'S COLLEGE	1252376	14026338	8,93
VILLA MARIA COLLEGE	433881	4893830	8,87
SAINT FRANCIS COLLEGE	1023760	11550375	8,86
GERMANTOWN HOSP SCH OF NURSING	49893	567486	8,79
PENN COLLEGE OF STRAIGHT CHIROPRATI	254974	2907849	8,77
CARNEGIE-MELLON U	4355541	49990912	8,71
YORK COLLEGE PENNSYLVANIA	1483568	17217122	8,62
GENEVA COLLEGE	807178	9427262	8,56
FRANKLIN AND MARSHALL C	791230	9301538	8,51
ALLNTWN C SNT FRAN DESALS	606385	7156837	8,47
COMPUTER LEARNING CENTER-MAXWELL	312041	3691678	8,45
HAHNEMANN UNIV	3035902	35937710	8,45
LOCK HAVEN UNIV OF PA	1508157	18126377	8,32
PITTSBG JOHNSTWN CAM,U OF	1518245	18537455	8,19
MISERICORDIA,COLLEGE	684982	8413387	8,14
FRANKFORD HOSP SCHOOL OF NURSING	145991	1794556	8,13
LYCOMING COLLEGE	698099	8736892	7,99
ALLEGHENY COLLEGE	690741	8648461	7,99
WASHINGTON JEFF COLLEGE	526891	6599394	7,98
PA COLLEGE PODIATRIC MED	937255	11996798	7,81
BRYN MAWR COLLEGE	784521	10077064	7,79

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MANOR JUNIOR COLLEGE	132618	1709615	7.76
WESTMINSTER COLLEGE	678295	8818993	7.69
PENN ST U MAIN CAMPUS	26744855	349322066	7.66
INDIANA U OF PENN MAIN CAMPUS	6836922	86397968	7.45
PENNSYLVANIA, UNIV OF	12283836	166262350	7.39
VILLANOVA UNIVERSITY	5071568	69528339	7.29
SHARON GEN HOSP SCH OF NURSING	89659	1236558	7.25
MCCANN SCHOOL OF BUSINESS	68646	954201	7.19
GWYNEDD-MERCY COLLEGE	497767	6940387	7.17
SACRED HEART HOSP SCH OF NURSING	65269	915362	7.13
WASHINGTON HOSP SCH OF NURSING	137553	1968628	7.00
HOLY FAMILY COLLEGE	270344	3875274	6.98
JOHNSON TECHNICAL INSTITUTE	120429	1729149	6.96
BLOOMSBURG UNIV OF PA	2762752	40034951	6.90
DU BOIS SCHOOL OF TRADES	50530	755549	6.69
MERCY HOSP SCH OF NURSING	145893	2208428	6.61
JUNIATA COLLEGE	576858	8759355	6.59
THADDEUS STEVENS STATE SCH OF TECH	70223	1079157	6.51
ELECTRONIC INSTITUTES	226998	3495321	6.49
DELAWARE VLY C SCI & AGR	639797	9876881	6.48
JEFFERSON CO DUBOIS AREA VOC-TECH S	39375	614474	6.41
BAPT BIBLE C OF PA	315951	4945695	6.39
CENTRAL PENNSYLVANIA BUSINESS SCH	529345	8372219	6.32
SWARTHMORE COLLEGE	315062	4997226	6.30
BRYN MAWR HOSP SCH OF NURSING	58798	937012	6.28
ELIZABETHTOWN COLLEGE	800727	12826668	6.24
DANVILLE AREA SCH DIST PRAC NUR PRG	55625	901139	6.17
NEUMANN COLLEGE	186407	3039468	6.13
CEDAR CREST COLLEGE	357309	5853557	6.10
LANCASTER BIBLE COLLEGE	98744	1631793	6.05
LEBANON VALLEY COLLEGE	481728	8042468	5.99
UNIONTOWN HOSP SCH OF NURSING	52770	887881	5.94
SHIPPENSBURG UNIV OF PA	1975948	33373715	5.92
MORAVIAN COLLEGE	631992	10790807	5.86
DICKINSON COLLEGE	538906	9368125	5.75
URSINUS COLLEGE	418306	7643270	5.47
THOMAS JEFF UNIVERSITY	1107292	20677862	5.35
WILSON COLLEGE	70504	1319258	5.34
ALBRIGHT COLLEGE	532812	10256295	5.19
HAVERFORD COLLEGE	180679	3481962	5.19
WILLIAMSPORT HOSP SCH OF NURSING	59625	1157046	5.15
U OF PENN WHARTON SCH OF FIN & COMM	215039	4189253	5.13
TEMPLE UNIVERSITY SCH OF MEDICINE	494611	10122264	4.89
SHADYSIDE HOSP SCH OF NURSING	73234	1528345	4.79
ST VINCENT HOSP SCH OF NURSING	51531	1101734	4.68
JAMESON MEM HOSP SCH OF NURSING	49635	1095110	4.53
SUSQUEHANNA UNIVERSITY	485487	10715578	4.53
TEMPLE UNIVERSITY SCH OF PHARMACY	98007	2184312	4.49
PHILA COLLEGE OSTEO MED	1010105	23386623	4.32
MUHLENBERG COLLEGE	345142	8385556	4.12
PHILA COLLEGE PHAR & SCI	397958	9787953	4.06
MEDL COLLEGE OF PA,THE	553058	13872559	3.99

SCHSTATE=PENNSYLVANIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
LAFAYETTE COLLEGE	432949	10949182	3.95
PA COLLEGE OF OPTOMETRY	669975	17138535	3.91
LEHIGH UNIVERSITY	1261981	32830751	3.84
DICKINSON SCHOOL OF LAW	464776	12528415	3.71
MESSIAH COLLEGE	349251	9612154	3.63
ST LUKES HOSP SCH OF NURSING	47800	1344470	3.56
UNIV OF PITTSBURGH SCH OF MED	415965	11980110	3.47
WESTERN PA HOSP SCH OF NURSING	62287	1900091	3.28
ALLENTOWN HOSP SCH OF NURSING	55107	1756284	3.14
GEISINGER MED CTR SCH OF NURSING	62400	2002184	3.12
GROVE CITY COLLEGE	461755	15243759	3.03
GETTYSBURG COLLEGE	275210	9514193	2.89
LANCASTER GEN HOSP SCH OF NURS	47487	1643803	2.89
BUCKNELL UNIVERSITY	475766	17075168	2.79
PA ST U MILT HERS MED CTR	241099	10296019	2.34

SCHSTATE=PUERTO RICO

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
INTER AMER SAN GERMAN CAM	476914	2721398	17.52
MANPOWER BUSINESS TRAINING INST	264901	1597625	16.58
CARIBBEAN CENTER FOR ADVANCED STUDY	165800	1021810	16.23
PONCE TECHNICAL SCH PRACT NURS PROG	27270	203125	13.43
CENTRO DE ESTUD MULTIDIS PRACT NURS	73500	615764	11.94
BAYAMON CENTRAL UNIVERSITY	34472	289665	11.90
PUERTO RICO JR COLLEGE	225436	2101761	10.73
ABBYNELL BEAUTY ACADEMY	97400	919965	10.59
PUERTO RICO BARBER/COSMET/HAIRSTYNG	51407	490114	10.49
PR CENTRAL ADM., U OF	594472	5705718	10.42
PROF TRNG ACAD OF ESTHETIC & BEAUTY	70600	728900	9.79
INTERNATIONAL INST OF THE AMERICAS	128369	1324531	9.69
CATHOLIC U PUERTO RICO	446005	4619905	9.65
HOLLYWOOD ACADEMY OF BEAUTY CULTURE	95568	1027336	9.30
INSTITUTO DE BANCO Y PROGRAMACION	302081	3248927	9.30
ANTILLIAN COLLEGE	79863	901877	8.86
ELECTRONIC DATA PROCESSING COLLEGE	41350	499876	8.27
COLEGIO UNIVERSITARIO DEL TURABO	136401	1660940	8.21
MARY ANN'S SCHOOL OF BEAUTY CULTURE	109353	1413452	7.74
RAMIREZ C BUS AND TECHN	44900	619151	7.25
SACRED HEART, UNIV OF	49800	979431	5.08
INST DE COSMET Y ESTETICA -LA REINE	29936	614898	4.71
INTER AMER U METRO CAM	361978	8946855	4.05
AMERICAN C PUERTO RICO	25670	832938	3.08
CAGUAS COLLEGE OF TECHNOLOGY & SCI	33338	1166753	2.86
ELECTRONIC COL & COMPUTER PROGRAM	36204	2398968	1.51

SCHSTATE=RHODE ISLAND

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
MODERN SCHOOL	1206672	2293007	52.62
JOHN'S CREATIVE SCH OF COSMETOLOGY	244720	890176	27.49
NATL EDUCATION CTR-RI TRADES SHOPS	2035236	7687818	26.47
ARTHUR ANGELO SCHOOL OF HAIR DESIGN	298431	1179410	25.30
SAWYER SCHOOL	1248278	5547155	22.50
NEWPORT SCHOOL OF HAIRDRESSING	37040	164966	22.45
RHODE ISLAND BUSINESS INSTITUTE	46600	234525	19.87
ROGER WILLIAMS C MAIN CAM	235271	1225726	19.19
RHODE ISLAND, CC OF	1339727	7172714	18.68
CUSTIN'S RHODE ISLAND ACAD OF BTY	42000	254258	16.52
HALL INSTITUTE	347769	2126368	16.36
BARRINGTON COLLEGE	360824	2356704	15.31
WARWICK ACADEMY OF BEAUTY CULTURE	115150	753162	15.29
JOHNSON & WALES COLLEGE	4786003	34658789	13.81
RHODE ISLAND INSTITUTE OF TECHNOLOG	723423	5371990	13.47
NEW ENG INST TECHNOLOGY	1735294	13329635	13.02
ROGER WILLIAMS COL MAIN CAMPUS	1834385	14516719	12.64
OCEAN STATE BUSINESS INSTITUTE	59780	486877	12.28
ALLIED TECHNICAL INSTITUTE	122240	1014403	12.05
RHODE ISLAND COLLEGE	2355552	20153899	11.69
JEWELRY INSTITUTE	62050	660390	9.40
RI SCHOOL OF DESIGN	1287373	14216629	9.06
RHODE ISLAND SCHOOL OF PHOTOGRAPHY	44750	593018	7.55
RHODE ISLAND, UNIV OF	4584869	61224169	7.49
KATHARINE GIBBS SCHOOL	149257	2537851	5.88
NEWPORT HOSP SCH OF NURSING	61100	1051261	5.81
SALVE REGINA COLLEGE	529631	9264709	5.72
PROVIDENCE COLLEGE	1243614	23101635	5.38
BROWN UNIVERSITY	1463655	29439641	4.97
BRYANT C BUSINESS ADMIN	1201719	25118755	4.78

SCHSTATE=SOUTH CAROLINA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
DRAUGHONS BUSINESS COLLEGE	338751	427882	79.17
ALLEN UNIVERSITY	269343	536962	50.16
CLAFLIN COLLEGE	169571	463106	36.62
BENEDICT COLLEGE	787103	2481345	31.72
DENMARK TECHNICAL COLLEGE	47203	153342	30.78
MORRIS COLLEGE	144628	519541	27.84
COLUMBIA COMMERCIAL COLLEGE	269746	973548	27.71
VOORHEES COLLEGE	116852	433757	26.94
RUTLEDGE COLLEGE	110011	462913	23.76
SC STATE COLLEGE	516033	2673486	19.30
HART COLLEGE AT CHASTN	683786	3557457	19.22
RUTLEDGE C-GREENVILLE	206856	1093350	18.92
HORRY-GEORGETOWN TECH C	47267	290884	16.27
UNIV OF S C AT SUMTER	47450	293681	16.16
SHERMAN COL OF STRAIGHT CHIROPRACTI	1145075	8946771	12.80
SC COASTAL CAROLINA, U OF	255994	2066218	12.39
SUMTER AREA TECH COLLEGE	38473	334293	11.51
LIMESTONE COLLEGE	152545	1328272	11.48
TRIDENT COLLEGE-NORTH CAMPUS	68813	626326	10.99
NORTH GREENVILLE COLLEGE	43069	425155	10.13
PROFESSIONAL TRAINING INSTITUTE	49676	508212	9.77
MIDLANDS TECH COLLEGE	77456	854523	9.06
COLUMBIA COLLEGE	119456	1341452	8.90
SC AT AIKEN,U OF	42581	501871	8.48
SC-SPARTANBRG,UNIV OF	82546	1055142	7.82
ERSKINE C AND SEMINARY	53232	699416	7.61
NEWBERRY COLLEGE	63408	834435	7.60
CHARLESTON,COLLEGE OF	265780	3621601	7.34
SC AT COLUMBIA, UNIV OF	2361636	38447343	6.14
ANDERSON COLLEGE	51171	839901	6.09
LANDER COLLEGE	100406	1724501	5.82
FRANCIS MARION COLLEGE	73205	1265381	5.79
GREENVILLE TECH COLLEGE	45885	807984	5.68
WINTHROP COLLEGE	229942	4158427	5.53
CITADEL MILITARY C OF SC	311276	5690755	5.47
WOFFORD COLLEGE	60800	1242469	4.89
FURMAN UNIVERSITY	140977	3767538	3.74
MEDICAL UNIVERSITY OF SC	159239	4669418	3.41
CLEMSON UNIVERSITY	479860	16743019	2.87
PRESBYTERIAN COLLEGE	31374	1186135	2.65

SCHSTATE=SOUTH DAKOTA

INSNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
SINTE GLESKA COLLEGE	226862	740656	30,63
YANKTON COLLEGE	508784	1839858	27,65
KILLIAN COMMUNITY COLLEGE	159536	851140	18,74
SISSETON-WAHPETON COMMUNITY COLLEGE	79066	464726	17,01
BLACK HILLS BEAUTY COLLEGE	104147	620384	16,79
NATIONAL COLLEGE	3594885	23058000	15,59
UNIV OF SOUTH DAKOTA SPRINGFIELD	309266	2445287	12,65
DAKOTA WESLEYAN UNIV	526476	4423574	11,90
WESTERN DAKOTA VOC TECH INST	354371	2993730	11,84
HURON COLLEGE	289784	2586461	11,20
NETTLETON ACADEMY OF HAIR DESIGN	48127	438130	10,98
STEWART SCHOOL OF HAIRSTYLING	182529	1876596	9,73
MITCHELL AREA VOC TECH SCHOOL	586173	6068067	9,66
SOUTHEAST AREA SCH OF PRAC NURSING	274097	3254921	8,42
BLACK HILLS STATE COLLEGE	932243	11242132	8,29
STENOTYPE INSTITUTE SOUTH DAKOTA	120869	1483720	8,15
DAKOTA STATE COLLEGE	458439	5800363	7,90
STEWART SCHOOL OF HAIRSTYLING	64088	851391	7,53
LAKE AREA VOCATIONAL TECHNICAL INST	455467	6223718	7,32
SIOUX FALLS COLLEGE	286828	3978513	7,21
NETTLETON COLLEGE	247892	3952963	6,27
UNIV OF SOUTH DAKOTA	1788709	35832014	4,99
PRESENTATION COLLEGE	98107	2101647	4,67
NORTHERN STATE COLLEGE	554817	12936155	4,29
MOUNT MARTY COLLEGE	108596	2867323	3,79
SD STATE UNIVERSITY	927766	30605098	3,03
AUGUSTANA COLLEGE	295030	10864965	2,72
SD SCH MINES & TECHNOLOGY	176103	9189948	1,92

SCHSTATE=TENNESSEE

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
NASHVILLE COLLEGE	290328	423700	68.52
AMERICAN CAREER TRAINING CORP	447346	688549	64.97
MIDSOUTH SCHOOL OF BEAUTY	601330	1166401	51.55
KNOXVILLE COLLEGE	438512	971103	45.16
MORRISTOWN COLLEGE	118263	266616	44.36
MEDICAL CAREER CENTER	493649	1158409	42.61
RICE COLLEGE	2673921	6394819	41.81
IHA COLLEGE OF COSMETOLOGY	59540	147115	40.47
MEMPHIS PARA-MEDICAL INST	43590	112633	38.70
FISK UNIVERSITY	1184482	3207138	36.93
RUTLEDGE COLLEGE	126798	379162	33.44
LANE COLLEGE	488575	1476977	33.08
MIDSOUTH SCHOOL OF BEAUTY	242477	777623	31.18
DRAUGHONS JC BUSINESS	897028	2897638	30.96
DRAUGHONS JR COLLEGE	1311355	4526393	28.97
MILLER-HAWKINS BUSINESS COLLEGE	252655	958262	26.37
STAGE ONE, THE HAIR SCHOOL	164412	659177	24.94
STATE AREA VOC-TECH SCH-HOHENWALD	54952	229288	23.97
WEST TENNESSEE BUSINESS COLLEGE	554750	2364124	23.47
HEALTH CARE TRAINING INSTITUTE	1507338	6539202	23.05
LE MOYNE-OWEN COLLEGE	312216	1364553	22.88
TENNESSEE ST UNIVERSITY	3171598	13952342	22.73
AMERICAN INSTITUTE OF TECHNOLOGY	144900	709818	20.41
MCKENZIE COLLEGE	267866	1386936	19.31
MEMPHIS AREA VOC-TECH SCHOOL	108181	564772	19.15
EDMUNDSON JR COLLEGE	384418	2041590	18.83
UNIV OF TENN NASHVILLE CAMPUS	180450	987645	18.27
STATE AREA VOC-TECH SCH-HARTSVILLE	62550	350810	17.83
STATE AREA VOC-TECH SCH-NEWBERN	39755	224532	17.71
STATE AREA VOC-TECH SCH-HARRIMAN	35123	206447	17.01
STATE AREA VOC-TECH SCH-KNOXVILLE	70348	414217	16.98
MEHARRY MEDICAL COLLEGE	1487217	8851709	16.80
STATE AREA VOC-TECH SCH-PULASKI	26206	160644	16.31
LINCOLN MEM UNIV	447592	2751574	16.27
WALTERS ST CMTY COLLEGE	272321	1684193	16.17
STATE AREA VOC-TECH SCH-CROSSVILLE	68107	438203	15.54
TUSCULUM COLLEGE	270710	1768302	15.31
STATE AREA VOC-TECH SCH-JACKSON	34032	222406	15.30
STATE AREA VOC-TECH SCH-MORRISTOWN	36627	242848	15.08
STATE AREA VOC-TECH SCH-LIVINGSTON	62971	431590	14.59
BETHEL COLLEGE	193867	1378380	14.06
COOPER INSTITUTE	48550	346110	14.03
NASHVILLE COLL OF MED DENTAL ASSTS	49105	351027	13.99
STATE AREA VOC-TECH SCH-SHELBYVILLE	47400	340731	13.91
KNOXVILLE BUSINESS C	144541	1054365	13.71
DYERSBURG ST CMTY COLLEGE	119651	875476	13.67
TOMLINSON COLLEGE	106729	833411	12.81
DRAUGHONS JC-KNOX	824107	6522603	12.63
SHELBY STATE CMTY COLLEGE	235134	2048064	11.48
ROANE STATE CMTY COLLEGE	289421	2592817	11.16
STATE AREA VOC-TECH SCH-MCMINNVILLE	38585	348048	11.09
MARYVILLE COLLEGE	236599	2207208	10.72

SCHSTATE=TENNESSEE

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
HIWASSEE COLLEGE	89209	856527	10.42
MOTLOW STATE CMTY COLLEGE	255672	2518296	10.15
STATE TECH INST MEMPHIS	206735	2038710	10.14
JACKSON ST CMTY COLLEGE	164269	1630197	10.08
AUSTIN PEAY ST UNIVERSITY	885041	8906230	9.94
BRISTOL COLLEGE	97675	986681	9.90
LEE COLLEGE	383728	4004303	9.58
STATE TECH INST KNOXVILLE	183924	1967225	9.35
TENN WESLEYAN COLLEGE	146048	1578596	9.25
CHATTANOOGA ST TECH CC	191049	2075130	9.21
TREVECCA NAZARENE COLLEGE	419753	4642783	9.04
VOLUNTEER ST CMTY COLLEGE	105899	1231721	8.60
MARTIN COLLEGE	40937	490976	8.34
CUMBERLAND SCHOOL OF MEDICAL TECH	99035	1205044	8.22
STHN C SEVENTH-DAY ADVENT	345769	4281657	8.08
CHRISTIAN BROS COLLEGE	230449	2911276	7.92
MEMPHIS STATE UNIVERSITY	2356457	30504200	7.73
CUMBERLAND COLLEGE TENN	52350	689299	7.59
NASHVILLE STATE TECH INST	287361	3806756	7.55
NASHVILLE AUTO DIESEL COLLEGE	477373	6394030	7.47
LAMBUTH COLLEGE	168236	2256217	7.46
TRI-CITIES STATE TECHICAL INSTITUTE	41887	581675	7.20
GEORGE PEABODY COLLEGE FOR TEACHERS	173550	2465525	7.04
TENN-MARTIN, UNIV OF	887643	12797183	6.94
COLUMBIA ST CMTY COLLEGE	148143	2162005	6.85
CLEVELAND ST CMTY COLLEGE	84641	1296992	6.53
TENNESSEE TEMPLE UNIV	314060	4824546	6.51
EAST TENN ST UNIVERSITY	1191791	18655530	6.39
TENN-CHATTANOOGA, UNIV OF	530642	8383359	6.33
RHODES COLLEGE	147969	2391004	6.19
MIDDLE TENN ST UNIVERSITY	2251494	39154644	5.75
MILLIGAN COLLEGE	166763	2959732	5.63
TENNESSEE INST ELECS	40537	785954	5.16
COVENANT COLLEGE	82320	1605166	5.13
TENN-KNOXVILLE, UNIV OF	3983917	79397831	5.02
BRYAN COLLEGE	59930	1276121	4.70
CARSON-NEWMAN COLLEGE	255482	5454902	4.68
BELMONT COLLEGE	241654	5555337	4.35
DAVID LIPSCOMB COLLEGE	306183	7439672	4.12
TENNESSEE TECHNOLOGICAL U	854274	22232243	3.84
FREED-HARDEMAN COLLEGE	146720	4340583	3.38
UNION UNIVERSITY	119779	3573490	3.35
VANDERBILT UNIVERSITY	1012783	32098711	3.16
TENN-MEMPHIS CTR HEALTH SCI, U OF	149078	7505975	1.99
STHN COLLEGE OF OPTOMETRY	104662	7515722	1.39

SCHSTATE=TEXAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
ALADDIN BEAUTY COLLEGE # 2	65400	105095	62.23
HARGEST VOCATIONAL-TECHNICAL SCHOOL	1736113	3287752	52.81
SIMDEX TECHNICAL INSTITUTE	2299636	4420715	52.02
WILFRED ACAD OF HAIR & BTY CULTURE	164787	327377	50.34
TEXAS SCHOOLS, INC	449360	911864	49.28
DRAUGHONS BUSINESS COL WICHITA FALL	21680	45165	48.00
ALADDIN BEAUTY COLLEGE #13	56375	124375	45.33
MANSFIELD BUSINESS COLLEGE	4721762	10451155	45.18
WEST TEXAS BARBER STYLING COLLEGE	43750	97500	44.87
VOGUE BEAUTY COLLEGE # 5	118650	267850	44.30
AUDIE & JOICE SCH OF HAIR DESIGN	196745	447534	43.96
CONLEE COLLEGE OF COSMETOLOGY	56078	129691	43.24
NIXON-CLAY COMMERCIAL COLLEGE	53170	122981	43.23
NAVARRO COLLEGE	292404	687526	42.53
WACO BEAUTY COLLEGE	109065	256837	42.46
EASON'S INSTITUTE OF TECHNOLOGY	43374	107667	40.29
VOGUE COL SCH OF HAIR DESIGN #13	84000	219553	38.26
ELKINS INSTITUTE OF RADIO ELECT INC	28970	75980	38.13
VOGUE BEAUTY COLLEGE #2	85548	227088	37.67
DRAUGHONS BUSINESS COL LUBBOCK	43565	116030	37.59
GALVESTON COLLEGE	174352	464717	37.52
SOUTHWEST SCH/BUSINESS & TECHCAREE	59562	159359	37.38
ALLSTATE BUSINESS COLLEGE	328580	885004	37.13
TEX ST TECH AMARILLO CAM	1139482	3133285	36.37
CAPITOL CITY TRADE & TECHNICAL SCH	1396945	3853786	36.25
AMERICAN TRADES INSTITUTE	502755	1388963	36.20
ALAMO BEAUTY COLLEGE # 1	69928	193416	36.15
PHARR VOCATIONAL SCHOOL	251626	697516	36.07
JACKI NELL EXECUTIVE SECRETARY SCH	181983	517533	35.16
VOGUE BEAUTY COLLEGE # 1	89945	256726	35.04
VOGUE BEAUTY COLLEGE # 8	38007	109002	34.87
DURHAM NIXON-CLAY BUSINESS COLLEGE	709430	2039092	34.79
VOGUE BEAUTY COLLEGE # 9	76800	221850	34.62
TEXCEL CAREER CENTER	293236	853749	34.35
FORT WORTH SCHOOL OF BUSINESS	717621	2108412	34.04
PAUL QUINN COLLEGE	64435	189780	33.95
CISCO JUNIOR COLLEGE	305633	921986	33.15
CONCHO CAREER SCHOOL	126250	380908	33.14
SOUTHWEST SCHOOL OF MEDICAL ASSIS	349099	1057750	33.00
VOGUE COL SCH OF HAIR DESIGN #14	97000	296400	32.73
BALDWIN BEAUTY SCHOOL	70445	220201	31.99
MASSEY BUSINESS COLLEGE	1031080	3235280	31.87
EL PASO TRADE SCHOOL	994913	3135109	31.73
LINCOLN TECHNICAL INSTITUTE	896212	2869961	31.23
AMBER UNIV	324302	1047537	30.96
MISS WADE'S FASHION MERCHANDISING	534667	1737234	30.78
TEXAS SOUTHMOST COLLEGE	310235	1010292	30.71
TEXAS COLLEGE OF MED & DENT CAREER	876321	2865862	30.58
VIDEO TECHNICAL INSTITUTE	1748278	5875867	29.79
SOUTH TEXAS VOC-TECH INSTITUTE	543258	1839037	29.54
BISHOP COLLEGE	440347	1490708	29.54
AMERICAN BEAUTY COLLEGE	30114	102278	29.44

SCHSTATE=TEXAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
AMERICAN COMMERCIAL COLLEGE	173029	588296	29.41
SAINT PHILIP'S COLLEGE	507800	1729792	29.36
CENTRAL TEXAS COMMERCIAL COLLEGE	200450	694111	28.88
SOUTHWEST BEAUTY COLLEGE INC # 1	48789	169275	28.82
HILL JUNIOR COLLEGE	141995	493463	28.78
PARIS JUNIOR COLLEGE	299862	1042956	28.75
RANGER JUNIOR COLLEGE	123336	433464	28.45
NATIONAL EDUC CTR-NAT INST OF TECH	531880	1879452	28.30
TEXAS SOUTHERN UNIVERSITY	2879190	10271615	28.03
GRAYSON CO COLLEGE	96445	346764	27.81
BAYTOWN INDUSTRIAL WELDING SCHOOL	108750	396250	27.44
SOUTHWEST INST OF MERCHAND & DESIGN	106078	387002	27.41
AMERICAN TECHNICAL INSTITUTE	516307	1888617	27.34
DURHAM COLLEGE OF EL PASO	432444	1581879	27.34
NORTHWEST TEXAS HOSP SCH OF NURSING	65606	243841	26.91
MASSEY BUSINESS COLLEGE	31189	116310	26.82
INTERNATIONAL BUSINESS COLLEGE	2021521	7637079	26.47
JARVIS CHRISTIAN COLLEGE	353329	1339946	26.37
WHARTON CO JR COLLEGE	261650	992478	26.36
FRANK PHILLIPS COLLEGE	52895	207989	25.43
TARRANT CO JUNIOR COL MAIN CAMPUS	756291	3007694	25.15
AMARILLO COLLEGE OF HAIRDRESSING	55750	222250	25.08
CENTRAL TEXAS COLLEGE	653713	2609530	25.05
SOUTHWEST SCHOOL OF ELECTRONICS	513025	2048331	25.05
EL CENTRO COLLEGE	267775	1074634	24.92
COMPUTER & BUSINESS MGT ED CENTER	936000	3765665	24.86
BRAZOSPORT COLLEGE	95850	388538	24.67
HENDERSON CO JR COLLEGE	105045	429187	24.48
AMARILLO COLLEGE	550524	2260771	24.35
PRAIRIE VIEW A&M UNIV	653508	2686209	24.33
VOGUE BEAUTY COLLEGE # 4	37703	155143	24.30
BEE COUNTY COLLEGE	375423	1546159	24.28
AMERICAN COMMERCIAL COLLEGE	198243	816942	24.27
ALADDIN BEAUTY COLLEGE #21	40200	166300	24.17
TX ST TECH-SWEETWATER CAM	141730	591589	23.96
FORT WORTH TRADE SCHOOLS	66700	279100	23.90
CLARENDON COLLEGE	88066	370360	23.78
CAREER INSTITUTE	109340	474528	23.04
NORTH LAKE COLLEGE	104578	456425	22.91
ALADDIN BEAUTY COLLEGE # 1	198150	869808	22.78
VOGUE BEAUTY COLLEGE # 7	62568	276227	22.65
WESTERN TEXAS COLLEGE	56299	250631	22.46
UNIVERSITY OF HOUSTON, DOWNTOWN COL	416063	1852270	22.46
BROOKHAVEN COLLEGE	132539	594186	22.31
TRI-STATE BEAUTY SCHOOL	34400	154429	22.28
SAN ANTONIO COLLEGE DIST CENT OFF	1370320	6165718	22.22
STHWSTN CHRISTIAN COLLEGE	75173	344414	21.83
AUSTIN COMMUNITY COLLEGE	982920	4510485	21.79
HALLMARK INSTITUTE OF TECHNOLOGY	447351	2055997	21.76
SAN ANTONIO TRADE SCHOOL	60528	280772	21.56
TEXAS VOCATIONAL SCHOOL	63750	296595	21.49
COOKE COUNTY COLLEGE	59200	284358	20.82

SCHSTATE=TEXAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
TEX ST TECH INST WACO CAM	1462214	7028131	20.81
TEXAS AERO TECH	268141	1298821	20.64
INTERNATIONAL AVIATION TRAVEL ACAD	405774	1980029	20.49
WHEELER INSTITUTE OF TEXAS	742150	3627534	20.46
ELKINS INSTITUTE IN DALLAS	114193	564808	20.22
TEMPLE JUNIOR COLLEGE	118147	587253	20.12
MCLENNAN CMTY COLLEGE	286217	1426477	20.06
WILEY COLLEGE	107946	539160	20.02
DURHAM BUSINESS COL OF SAN ANTONIO	247307	1243340	19.89
ODESSA COLLEGE	78464	394678	19.88
TYLER JUNIOR COLLEGE	178279	910275	19.59
MCMURRY COLLEGE	536599	2782078	19.29
EL PASO CMTY COLLEGE	199002	1039795	19.14
BALDWIN BEAUTY SCHOOL	30323	159243	19.04
ARLINGTON BAPTIST COLLEGE	126943	666728	19.04
LAKEWOOD BEAUTY COLLEGE	30750	161819	19.00
NATL EDUCATION CENTER BRYMAN CAMPUS	644968	3431230	18.80
RICHLAND COLLEGE	188710	1074770	17.56
HOUSTON COMMUNITY COLLEGE	185846	1063015	17.48
AMERICAN COMMERCIAL COLLEGE	155553	896471	17.35
AMERICAN COMMERCIAL COLLEGE	92800	541466	17.14
BAUDER FASHION COLLEGE	355570	2077390	17.12
FOUR C COLLEGE	34394	201021	17.11
SOUTH PLAINS COLLEGE	206494	1217307	16.96
ANGELINA COLLEGE	67419	400090	16.85
TEXAS WESLEYAN COLLEGE	304053	1805687	16.84
NORTH HARRIS COUNTY COLLEGE	149813	898180	16.68
WAYLAND BAPTIST UNIV	356465	2138237	16.67
LUBBOCK CHRISTIAN COLLEGE	377408	2266009	16.66
HOWARD CO JC DIST	59219	358478	16.52
TEXAS INSTITUTE	168692	1036861	16.27
DEL MAR COLLEGE	243249	1515851	16.05
TEXARKANA COLLEGE	76515	479494	15.96
SAN JACINTO C CENTRAL CAM	171135	1087230	15.74
SCHREINER COLLEGE	56376	361689	15.59
TEXAS LUTHERAN COLLEGE	370054	2389040	15.49
DEVRY INST OF TECHNOLOGY	1363284	8839669	15.42
INCARNATE WORD COLLEGE	382862	2483883	15.41
STHWSTN ADVENTIST COLLEGE	382574	2490635	15.36
TX ST TECH RIO GRND C HAR	492111	3220944	15.28
MOUNTAIN VIEW COLLEGE	69229	456924	15.15
CONCORDIA LUTH COLLEGE	65410	433788	15.08
TEXAS AT EL PASO,U OF	936878	6454950	14.51
SOUTHWEST TEX JR COLLEGE	61865	427297	14.48
VICTORIA COLLEGE	67072	467522	14.35
HUSTON-TILLOTSON COLLEGE	143858	1031041	13.95
TEXAS PERMIAN BASIN,U OF	59396	427675	13.89
HOUSTON BAPT UNIVERSITY	258113	1926854	13.40
EASTFIELD COLLEGE	55707	419162	13.29
BLINN COLLEGE	69441	523598	13.26
ALVIN COMMUNITY COLLEGE	79466	600147	13.24
TEXAS SAN ANTONIO,U OF	1708609	13012059	13.13

SCHSTATE=TEXAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
TEXAS AT ARLINGTON, U OF	2360538	18192668	12.98
TEXAS VOCATIONAL SCHOOL	102550	791390	12.96
PAN AMERICAN UNIVERSITY	1026434	8015173	12.81
SUL ROSS STATE UNIVERSITY	343786	2728972	12.60
VERNON REG JUNIOR COLLEGE	37950	308292	12.31
CONTROL DATA INSTITUTE	102300	841409	12.16
CONTROL DATA INSTITUTE	94700	788340	12.01
SAN ANTONIO COL OF MED & DENT ASST	77832	650358	11.97
DALLAS INST OF FUNERAL SERVICE	92316	784425	11.77
WEST TEXAS ST UNIVERSITY	662770	5654117	11.72
BRADFORD SCHOOL OF BUSINESS	287078	2493570	11.51
EAST TEXAS ST UNIVERSITY	880582	7674321	11.47
TEXAS A & M UNIV ENGINEERING EXT	92751	819567	11.32
AUSTIN COLLEGE	188955	1718799	10.99
HARDIN-SIMMONS UNIVERSITY	478170	4487736	10.66
OUR LADY OF LAKE U SAN AN	339316	3238479	10.48
HOUSTON-UNIV PARK, U OF	2679783	25609799	10.46
LAMAR UNIVERSITY	386241	3715490	10.40
SOUTHWESTERN ASSEMB GOD C	81256	782912	10.38
MARY HARDIN-BAYLOR, U OF	121824	1192168	10.22
NORTH TEXAS ST UNIVERSITY	1702232	16811642	10.13
DALLAS BAPTIST UNIVERSITY	170007	1711611	9.93
SAINT EDWARD'S UNIVERSITY	360301	3646373	9.88
TARLETON STATE UNIVERSITY	350301	3549458	9.87
EAST TEXAS BAPT UNIVERSITY	113582	1195280	9.50
SAM HOUSTON ST UNIVERSITY	688280	7343483	9.37
SNT MARY'S U SAN ANTONIO	1000741	10679215	9.37
STHWST TEXAS ST UNIV	1783032	19056269	9.36
UNIVERSITY OF TEXAS AT TYLER	176726	1892176	9.34
MIDWESTERN ST UNIVERSITY	150396	1612931	9.32
TEXAS A&I UNIVERSITY	633585	6810835	9.30
SOUTH TEXAS COLLEGE LAW	829023	9065309	9.14
HOUSTON CLEAR LAKE, U OF	250675	2775510	9.03
DALLAS,UNIVERSITY OF	319014	3542005	9.01
TEXAS COLLEGE	64974	726870	8.94
EXECUTIVE SECRETARIAL OF TEXAS	72260	817180	8.84
NATIONAL EDUC CTR-NAT INST OF TECH	67500	764346	8.83
ANGELO STATE UNIVERSITY	281179	3188624	8.82
AMERICAN TECHNOLOGICAL U	73448	893488	8.22
SAINT THOMAS,UNIV OF	125503	1534982	8.18
AMERICAN TRUCK DRIVING SCHOOL	39255	484255	8.11
TEXAS CHRISTIAN UNIV	780259	9643156	8.09
TEXAS WOMAN'S UNIVERSITY	578596	7863923	7.36
ABILENE CHRSTN UNIVERSITY	736172	10043099	7.33
CORPUS CHRISTI STATE U	154807	2151034	7.20
TEXAS TECH UNIVERSITY	1771992	25800501	6.87
HOWARD PAYNE UNIVERSITY	38189	573996	6.65
MICROCOMPUTER TECHNOLOGY INSTITUTE	73763	1112879	6.63
TEXAS CHIROPRACTIC C	374750	5744599	6.52
TEXAS A&M U AT GALVESTON	65409	1017033	6.43
TEXAS AT DALLAS, UNIV OF	196279	3072367	6.39
TRINITY UNIVERSITY	328759	5146345	6.39

SCHSTATE=TEXAS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
TEXAS AT AUSTIN,U OF	4216391	71583439	5.89
BAYLOR UNIV CENTRAL OFFICE	1010033	17497810	5.77
ART INSTITUTE OF HOUSTON	166200	2984481	5.57
SOUTHERN METH UNIVERSITY	1071978	19603470	5.47
STEPHEN F AUSTIN STATE U	340205	7138964	4.77
STHWSTN BAPT THEOL SEM	60700	1299740	4.67 *
RICE UNIVERSITY	290052	6367648	4.56
LETOURNEAU COLLEGE	159506	3905517	4.08
TEXAS A & M UNIV	1773631	43971122	4.03
TEX MEDL BR GALVESTON,U	174778	5302833	3.30
TEX HLTH SCI SN AN, U OF	395413	15396466	2.57
UNIV OF TEXAS HLTH SCI CTR HOUSTON	331200	13091862	2.53

SCHSTATE=UTAH

INSINAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
RON BAILIE SCHOOL OF BROADCAST	43642	99931	43,67
HOLLYWOOD BEAUTY COLLEGE	31345	77491	40,45
AMERICAN TECHNICAL CENTER	316519	1083984	29,20
COLLEGE OF EASTERN UTAH	186528	682260	27,34
SEVIER VALLEY AREA VOCATIONAL CTR	97415	437209	22,28
DIXIE COLLEGE	219291	1010425	21,70
CONTINENTAL COLLEGE OF BEAUTY	133326	622093	21,43
HOLLYWOOD BEAUTY COLLEGE INC	119512	590494	20,24
UTAH TECH COLLEGE SALT LK	1134372	5706511	19,88
BRYMAN SCHOOL	506389	2618987	19,34
INTERNATIONAL INST OF HAIR DESIGN	217458	1146385	18,97
UTAH TECH COLLEGE PROVO	859542	5307029	16,20
STEVENS HENAGER COLLEGE	577279	3615303	15,97
LATTER-DAY SAINTS BUS C	122110	813095	15,02
SOUTHERN UTAH ST COLLEGE	527423	3539709	14,90
SNOW COLLEGE	89781	619649	14,49
WEBER STATE COLLEGE	1708674	12915998	13,23
WMINSTER COL-SALT LAKE	447691	3957194	11,31
STEVENS HENAGER COL MAIN CAMPUS	13473	121684	11,07
SALT LAKE CITY COLLEGE	46344	542700	8,54
UTAH STATE UNIVERSITY	1805229	21599078	8,36
UTAH, UNIV OF	4193201	52564288	7,98
BRIGHAM YOUNG UNIV COL OF IND TECH	17500	261512	6,69
BRIGHAM YOUNG U MAIN CAM	4727047	74712627	6,33

SCHSTATE=VIRGINIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
FUGG TECHNICAL INSTITUTE	34650	53350	64.95
ANNE'S BEAUTY COLLEGE	1155523	2032051	56.86
COMMONWEALTH COLLEGE - NORFOLK	2010802	4099395	49.05
FLAIR BEAUTY INSTITUTE	270947	583608	46.43
SMITHDEAL-MASSEY BUSINESS COLLEGE	431771	936838	46.09
RUTLEDGE COLLEGE	106083	231828	45.76
NATL EDUC CTR-KEE BUSINESS COL CAMP	44825	100739	44.50
MADAME DANIELS SCH OF BTY CULTURE	83973	193444	43.41
MTN EMPIRE CMTY COLLEGE	423145	1056266	40.06
NATIONAL BUSINESS SCHOOL	1760900	4494874	39.18
VIRGINIA UNION UNIVERSITY	2515351	6469938	38.88
THOMAS NELSON CMTY COL	1305881	3407688	38.32
VIRGINIA SCHOOL OF COSMETOLOGY	176226	468046	37.65
SAINT PAUL'S COLLEGE	960418	2608140	36.82
RALPHS VIRGINIA SCH OF COSMETOLOGY	54500	149892	36.36
NATL EDUC CENTER-TEMPLE SCHOOL CAMP	48652	144510	33.67
J SARGEANT REYNOLDS CC	1658997	4989220	33.25
WARDS CORNER BEAUTY ACADEMY	66771	202972	32.90
RAPPAHANNOCK CMTY COLLEGE	190139	585670	32.47
JOHN TYLER CMTY COLLEGE	721141	2233807	32.28
PHILLIPS BUSINESS COLLEGE	1107137	3441746	32.17
VIRGINIA SCHOOL OF HAIR DESIGN	111211	349792	31.79
VIRGINIA STATE UNIV	6152268	19559330	31.45
NORFOLK STATE UNIVERSITY	2735485	8835178	30.96
STAUNTON SCHOOL OF COSMETOLOGY INC	126727	435544	29.10
SOUTHWEST VA CMTY COLLEGE	251336	899652	27.94
HAMPTON UNIVERSITY	5074114	18203915	27.87
GERMANNA CMTY COLLEGE	83829	312658	26.81
VIRGINIA INSTITUTE OF TECHNOLOGY	740153	2969284	24.93
NATL EDUC CTR-KEE BUSINESS COL CAMP	2116339	8495615	24.91
NATIONAL BUSINESS COLLEGE	1816687	7398788	24.55
CENTRAL VA CMTY COLLEGE	136934	567798	24.12
RICHMOND PUB SCH OF PRACTICAL NURS	58183	242960	23.95
TIDEWATER CMTY COLLEGE	695423	2925038	23.77
COMMONWEALTH COLLEGE	2147056	9520276	22.55
JAN-MAR BEAUTY ACADEMY	46645	210873	22.12
SOUTHSIDE VA CMTY COLLEGE	72852	339208	21.48
ELIZABETH BRANT SCHOOL OF BUSINESS	363372	1702509	21.34
VA WESTERN CMTY COLLEGE	428689	2079939	20.61
E C P I OF TIDEWATER , VA	1101191	5421573	20.31
LORD FAIRFAX CMTY COLLEGE	99215	506607	19.58
PIEDMONT VA CMTY COLLEGE	228588	1213684	18.83
NORTHERN VA CMTY COLLEGE	1241267	6628679	18.73
COMPUTER LEARNING CENTER	5643213	30185414	18.70
CONTROL DATA INSTITUTE	782715	4774663	16.39
DANVILLE CMTY COLLEGE	103256	656596	15.73
AUTOMOTIVE TRAINING INSTITUTE	94901	605437	15.67
VIRGINIA WESLEYAN COLLEGE	829443	5428252	15.28
BLUE RIDGE CMTY COLLEGE	140566	926318	15.17
DABNEY S LANCASTER CC	79032	524760	15.06
VA HIGHLANDS CMTY COLLEGE	39020	272505	14.32
NEW RIVER CMTY COLLEGE	112886	794743	14.20

SCHSTATE=VIRGINIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
RICHARD BLAND C WM & MARY	43712	320232	13.65
CAREER DEVELOPMENT CENTER	69555	542190	12.83
VA INTERMONT COLLEGE	289734	2338044	12.39
WASHINGTON BUSINESS SCHOOL	203810	1654946	12.32
VA CLINCH VLY COL,UNIV OF	127063	1100661	11.54
AVERETT COLLEGE	361409	3178953	11.37
VIRGINIA COMMONWEALTH U	6476987	56975055	11.37
SOUTHERN SEM JR COLLEGE	139821	1268111	11.03
SHENANDOAH C-CONSV MUSIC	435318	4084154	10.66
FERRUM COLLEGE	617537	5821571	10.61
CHRISTOPHER NEWPORT C	302427	3634321	8.32
WYTHEVILLE CMTY COLLEGE	33094	397774	8.32
OLD DOMINION UNIVERSITY	2313525	30539064	7.58
MARYMOUNT COLLEGE OF VA	361574	4806766	7.52
SWEET BRIAR COLLEGE	136047	1927380	7.06
ROANOKE COLLEGE	404980	5747538	7.05
LIBERTY UNIVERSITY	652260	9593752	6.80
LYNCHBURG COLLEGE	541694	8401873	6.45
GEORGE MASON UNIVERSITY	1291577	20058148	6.44
BLUEFIELD COLLEGE	44414	695509	6.39
HOLLINS COLLEGE	166987	2927451	5.70
MARY BALDWIN COLLEGE	138558	2639252	5.25
EMORY AND HENRY COLLEGE	141388	2748538	5.14
RADFORD UNIVERSITY	1017119	21132151	4.81
ESTN MENNONITE C	333143	7636758	4.36
RANDOLPH-MACON COLLEGE	147921	3524259	4.20
MARY WASHINGTON COLLEGE	264781	6597910	4.01
WASHINGTON AND LEE U	352300	8861201	3.98
HAMPDEN-SYDNEY COLLEGE	88519	2326927	3.80
BRIDGEWATER COLLEGE	170056	4600776	3.70
RANDOLPH-MACON WOMAN'S C	83900	2278967	3.68
JAMES MADISON UNIVERSITY	1097157	30836790	3.56
C OF WILLIAM AND MARY	979796	28513409	3.44
LONGWOOD COLLEGE	258141	7784263	3.32
RICHMOND,UNIV OF	577639	17443487	3.31
VIRGINIA MILITARY INST	139920	4660269	3.00
VA POLY INST AND STATE U	1986229	71009116	2.80
UNIVERSITY OF VIRGINIA	2322850	84058752	2.76
VA COMMONWEALTH UNIV MEDICAL COL	281393	21343668	1.32

SCHSTATE=VIRGIN ISLANDS

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
COL OF VIRGIN ISLANDS MAIN CAMPUS	138970	626642	22,18

SCHSTATE=VT

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
WINDHAM COLLEGE	181498	501144	36.22
BURLINGTON COLLEGE	256154	824726	31.06
GODDARD COLLEGE	1976099	6777297	29.16
SOUTHERN VERMONT COLLEGE	762509	3043354	25.06
COMMUNITY COLLEGE OF VT	207704	954563	21.76
WOODBURY ASSO SCH/LEGAL & CONTIN ED	121443	783219	15.51
SNT JOSEPH THE PROVIDER,C	267470	1754321	15.25
JOHNSON STATE COLLEGE	1047916	7051926	14.86
MARLBORO COLLEGE	202777	1414265	14.34
VERMONT COLLEGE OF COSMETOLOGY	180690	1353731	13.35
BENNINGTON COLLEGE	361899	3019259	11.99
VERMONT COLLEGE	280616	2356833	11.91
OBRIENS SCHOOL OF COSMETOLOGY	113690	966912	11.76
U S SCHOOL OF PROF PAPERHANGING	105073	910459	11.54
THOMPSON SCHOOL OF PRACTICAL NURSES	67638	626348	10.80
HENRY W PUTNAM MEM HOSP SCH PRAC NU	31899	321674	9.92
LYNDON STATE COLLEGE	611847	6189649	9.89
GREEN MOUNTAIN COLLEGE	199829	2047452	9.76
CASTLETON STATE COLLEGE	843371	8819148	9.56
NORWICH UNIVERSITY	1356933	15238636	8.90
FANNY ALLEN MEM SCH OF PRACT NURS	54460	654012	8.33
VERMONT LAW SCHOOL	746333	9115401	8.19
TRINITY COLLEGE	321870	4265628	7.55
SAINT MICHAEL'S COLLEGE	780160	11595119	6.73
SCH FOR INTRNATL TRAINING	182785	2793116	6.54
CHAMPLAIN COLLEGE	609186	10604026	5.74
MIDDLEBURY COLLEGE	555665	10693809	5.20
VERMONT TECHNICAL COLLEGE	202209	5428157	3.73
VT & STATE AGRL COL, UNIV	1735219	51301795	3.38

SCHSTATE=WASHINGTON

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$S IN DEFAULT OVER $S NOT IN SCHOOL
BAILIE SCHOOL OF BROADCAST	267613	582534	45.94
BAILIE SCHOOL OF BROADCAST	421439	924907	45.57
SEATTLE OPPORTUNITIES IND CTR INC	2706774	6210847	43.58
NASH ADVANCED SCH OF HAIR DESIGNERS	66665	166282	40.09
SEATTLE MECHANICS SCHOOL	116120	304556	38.13
KNAPP COLLEGE OF BUSINESS	1960368	5424840	36.14
WASHINGTON TECHNICAL INSTITUTE	147557	412105	35.81
CAPITOL BUSINESS COLLEGE	249300	746139	33.41
CASCADE BUSINESS COLLEGE	236500	734372	32.20
BROADWAY BEAUTY SCHOOL	38650	122650	31.51
EVERETT BEAUTY SCHOOL	53334	170968	31.20
SPOKANE TECHNICAL INSTITUTE	621239	1996100	31.12
PUGET SOUND INSTITUTE OF TECHNOLOGY	608023	2010106	30.25
CHASE BUSINESS COLLEGE	182494	616823	29.59
GENE JUAREZ BEAUTY COLLEGES	37975	131300	28.92
DIVERS INSTITUTE OF TECHNOLOGY	322999	1140469	28.32
LONGVIEW BUSINESS COLLEGE	176064	622416	28.29
GRIFFIN COLLEGE	1001747	3657781	27.39
WHATCOM CMTY COLLEGE	112378	413583	27.17
SEATTLE CC SOUTH CAMPUS	315187	1199986	26.27
STYLEMASTERS COLLEGE OF HAIR DESIGN	44566	178903	24.91
YAKIMA BUSINESS COLLEGE	167695	687372	24.40
MR LEES BEAUTY SCHOOL-BURIEN	38750	160075	24.21
LOWER COLUMBIA COLLEGE	301830	1250443	24.14
TACOMA COMMUNITY COLLEGE	235526	977697	24.09
EVERETT CMTY COLLEGE	338224	1413134	23.93
SEATTLE COMMUNITY COL CENTRAL OFF	440666	1915100	23.01
CENTRALIA COLLEGE	104105	454326	22.91
CLARK COLLEGE	466496	2085013	22.37
RENON'S BEAUTY SCHOOL	42083	190379	22.10
COLUMBIA BASIN COL	296519	1343241	22.07
WALLA WALLA CMTY COLLEGE	257491	1178278	21.85
MODERN BUSINESS COLLEGE	67244	308040	21.83
OLYMPIC COLLEGE	87732	404482	21.69
SPOKANE FALLS CMTY COL	543537	2626635	20.69
GRAYS HARBOR COLLEGE	71635	360017	19.90
CORNISH INSTITUTE	242958	1229882	19.75
WENATCHEE VALLEY COLLEGE	287470	1462350	19.66
KINMAN BUSINESS UNIVERSITY	565476	2886581	19.59
LAKE WASHINGTON VOC-TECH INSTITUTE	116231	593789	19.57
METROPOLITAN BUSINESS COLLEGE	375260	1954442	19.20
HIGHLINE CMTY COLLEGE	312593	1650684	18.94
YAKIMA VALLEY CC	218559	1195594	18.28
SKAGIT VALLEY COLLEGE	135939	762562	17.83
SPOKANE COMMUNITY COLLEGE	781622	4393604	17.79
PENINSULA COLLEGE	143398	806944	17.77
SO PUGET SOUND CMTY C	122735	715561	17.15
ITT TECHNICAL INSTITUTE	362432	2290083	15.83
PERRY TECHNICAL INSTITUTE	201330	1301549	15.47
SHORELINE CMTY COLLEGE	211228	1430640	14.76
BELLEVUE CMTY COLLEGE	193358	1310676	14.75
GRIFFIN BELLEVUE BUSINESS COLLEGE	119999	861161	13.93

SCHSTATE=WASHINGTON

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
EVERGREEN STATE COLLEGE	599678	4403653	13.62
CLOVER PARK VOC TECH INSTITUTE	227246	1683406	13.50
BIG BEND CMTY COLLEGE	105002	790479	13.28
EDMUNDS COMMUNITY COLLEGE	97950	739552	13.24
NORTH SEATTLE CC	171105	1311427	13.05
HERITAGE COLLEGE	60375	509847	11.84
GREEN RIVER CMTY COLLEGE	88588	765503	11.57
EASTERN WASH UNIVERSITY	1433100	12749066	11.24
WALLA WALLA COLLEGE	400892	3583510	11.19
RENTON VOC TECH INSTITUTE	59396	536183	11.08
CITY UNIVERSITY	218516	2052014	10.65
NTHWST C ASSEMBLIES GOD	124091	1210086	10.25
ART INSTITUTE OF SEATTLE	59918	618635	9.69
FORT STEILACOOM CC	69921	762154	9.17
WHITWORTH COLLEGE	466159	5225504	8.92
WHITMAN COLLEGE	220222	2534305	8.69
GONZAGA UNIVERSITY	1491503	17638420	8.46
INTERNATIONAL AIR ACADEMY	350593	4541106	7.72
CENTRAL WASH UNIVERSITY	677803	9318358	7.27
PUGET SOUND, UNIVERSITY OF	1614298	22899714	7.05
SEATTLE UNIVERSITY	745055	10587862	7.04
WESTERN WASH UNIVERSITY	870329	12402240	7.02
SAINT MARTIN'S COLLEGE	106407	1586205	6.71
SEATTLE PACIFIC UNIV	430958	7005184	6.15
WASHINGTON ST UNIVERSITY	1696498	27790569	6.10
WASHINGTON, UNIV OF	3292127	54218449	6.07
PACIFIC LUTH UNIVERSITY	456371	8209358	5.56

SCHSTATE=WISCONSIN

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
IBA COLLEGE OF COSMETOLOGY	403848	447361	90,27
SAWYER COLLEGE OF BUSINESS	857961	956509	89,70
IBA COLLEGE OF COSMETOLOGY	415447	580583	71,56
GATEWAY TECH INST-RACINE CAMPUS	107865	157995	68,27
WISC INDIANHEAD TECH INST-SUPERIOR	169035	297092	56,90
CITY COLLEGE OF COSMETOLOGY	28585	50255	56,88
UNIV OF WISCONSIN CTRS	147742	290110	50,93
WISCONSIN CONSV OF MUSIC	458236	963145	47,58
JANESVILLE ACAD OF BEAUTY CULTURE	296865	651008	45,60
MILWAUKEE AREA VTAE DIST	9584536	22349615	42,88
STRATTON COLLEGE	2187833	5228628	41,84
AMERICAN BEAUTY COLLEGE	4707267	11610076	40,54
NICOLET VOC TECH AD ED DISTRICT	1305641	3341719	39,07
GATEWAY TECHNICAL INSTITUTE	4076286	11049861	36,89
MANPOWER BUSINESS TRAINING INST	3304953	9197532	35,93
CAREER ACADEMY-RESIDENT SCHOOL	135724	388136	34,97
MOUNT SENARIO COLLEGE	1062923	3094285	34,35
BLACKHAWK VTAE DISTRICT	2025786	6048813	33,49
GENEVA ACADEMY OF BEAUTY CULTURE	81717	252605	32,35
ST LUKE'S HOSP SCH OF PRACT NURSING	80975	265893	30,45
BELOIT HAIR DESIGN COLLEGE	49868	164864	30,25
MILTON COLLEGE	301204	1036806	29,05
LACROSSE SCHOOL OF BEAUTY CULTURE	263628	940890	28,02
WISC INDIANHEAD VOC TECH AD ED DIST	2550121	9178584	27,78
UNITED TECHNICAL INSTITUTE	33250	123711	26,88
SCIENTIFIC COLLEGE OF BEAUTY	252828	989489	25,55
CONCORDIA C WISCONSIN	731525	2979351	24,55
U OF WISC-SHEBOYGAN CENTER	167053	699043	23,90
U OF WISC-RICHLAND CENTER	72030	305260	23,60
U OF WISC- ROCK CO CENTER	323757	1407123	23,01
STEVENS POINT CENTRAL BEAUTY ACAD	108655	472264	23,01
WAUKESHA COUNTY VOC TECH AD ED DIST	1047037	4607927	22,72
STHWST WIS VTAE DIST	1114689	4935188	22,59
WISCONSIN SUPERIOR,U OF	1854248	8244037	22,49
U OF WISC-WASHINGTON CO CENTER	99783	445153	22,42
U OF WISC-MARATHON CO CENTER	276414	1244780	22,21
UNIV OF WISC-FON DU LAC CAMPUS	117037	539811	21,68
STATE COLLEGE OF BEAUTY CULTURE	210772	979570	21,52
STATE COLLEGE OF BEAUTY CULTURE INC	135271	632245	21,40
ADVANCED INSTITUTE OF HAIR DESIGN	219558	1027010	21,38
COLLEGE OF RACINE	44739	220545	20,29
TRANS AMERICAN SCH OF BROADCASTING	180334	892734	20,20
MID-STATE VTAE DIST	885902	4390740	20,18
MADISON AREA TECH COLLEGE	3981480	20737817	19,20
LAKESHORE TECHNICAL INSTITUTE	907323	4833251	18,77
VTAE DIST ONE	2107243	11509355	18,31
U OF WISC-WOOD CO CENTER	81540	446504	18,26
U OF WISC-BARABOO SAUK CO CENTER	50647	277755	18,23
U OF WISC-WAUKESHA CO CENTER	244533	1342605	18,21
FOX VALLEY VTAE DIST	1895443	10466223	18,11
WISCONSIN-MILWAUKEE, U OF	11965246	66560595	17,98
WESTERN WIS VTAE DIST	2116310	11848801	17,86

SCHSTATE=WISCONSIN

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
WISCONSIN PARKSIDE,U OF	1106607	6354340	17.41
MILWAUKEE SCHOOL OF THE ARTS	257778	1556782	16.56
U OF WISC-FOX VALLEY CENTER	171240	1044943	16.39
MORAINE PARK VTAE DIST	717017	4467946	16.05
U OF WISC-MARINETTE CO CENTER	80213	504987	15.88
NORTHEAST WISC VOC TECH AD ED DIST	1491075	9453259	15.77
NORTH CENTRAL VTAE DIST	1161183	7434962	15.62
NORTHLAND COLLEGE	630443	4046783	15.58
UNIV OF WISC CENTRAL OFFICE	41439	266626	15.54
MADISON BUSINESS COLLEGE	453383	2939302	15.42
EDGEWOOD COLLEGE	393299	2910209	13.51
UNIV OF WISC-BARRON COUNTY CAMPUS	78251	580659	13.48
U OF WISC-MANITOWOC CO CENTER	64688	482629	13.40
LAKELAND COLLEGE	508112	3794510	13.39
TECHNOLOGY INSTITUTE OF MILWAUKEE	74316	560676	13.25
UNIV OF WISC OSHKOSH	5176264	40842811	12.67
WISCONSIN GREEN BAY,U OF	1666345	13227488	12.60
ALVERNO COLLEGE	867879	7015913	12.37
UNIVERSAL ACADEMY OF HAIR DESIGN	67747	549880	12.32
WISCONSIN COLLEGE OF COSMETOLOGY	95058	795216	11.95
UNIV OF WISC ALL CAMPUSES	249672	2094981	11.92
PATRICIA STEVENS CAR COL & FIN SCH	403982	3648756	11.07
SILVER LAKE COLLEGE	198052	1801030	11.00
CARTHAGE COLLEGE	519421	4987232	10.42
WISCONSIN-RIVER FLS, U OF	2071961	20316056	10.20
WI WHITEWATER, UNIV OF	3798752	38175566	9.94
MILWAUKEE SCH ENGINEERING	1094562	11297861	9.69
WISCONSIN SCHOOL ELECS	363200	3847197	9.44
CARDINAL STRITCH COLLEGE	673297	7187342	9.37
ACME INSTITUTE OF TECHNOLOGY	65382	711064	9.19
WISCONSIN-STEVNS PT, U OF	2899795	32787222	8.84
MOUNT MARY COLLEGE	343313	3916358	8.77
RIPON COLLEGE	279158	3249907	8.59
MARQUETTE UNIVERSITY	5648803	66265267	8.52
LAWRENCE UNIVERSITY	280508	3453227	8.12
BELOIT COLLEGE	249653	3116542	8.01
WISCONSIN STOUT,U OF	3041813	38147769	7.97
WISCONSIN LA CROSSE,U OF	2805088	35232540	7.96
WISCONSIN-PLATTEVL, U OF	1486399	19206954	7.74
ACME INSTITUTE OF TECHNOLOGY	128429	1703067	7.54
WISCONSIN EAU CLAIRE,U OF	3290280	44012109	7.48
WISCONSIN-MADISON, U OF	11992298	163533218	7.33
CARROLL COLLEGE	405086	5571005	7.27
VITERBO COLLEGE	414724	5895178	7.03
MADISON GEN HOSP SCH OF NURSING	43872	741992	5.91
SAINT NORBERT COLLEGE	399768	7352265	5.44
MEDICAL COLLEGE OF WIS	637803	18514853	3.44
MARIAN C OF FOND DU LAC	76975	2667877	2.89

SCHSTATE=WEST VIRGINIA

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CAPITAL CITY BEAUTY COLLEGE	155810	319377	48,79
CHASTN BARBER COLLEGE	102468	214218	47,83
WEST VIRGINIA CAREER COL CHARLESTON	1451813	3205646	45,29
CHARLESTON SCHOOL OF BEAUTY CULTURE	234800	537742	43,66
CENTURY COLLEGE	2477821	5739776	43,17
NORTHEASTERN BUSINESS COLLEGE TI	1543182	3696776	41,74
HUNTINGTON BARBER COLLEGE INC	100412	269331	37,28
W VA STATE COLLEGE	1468389	4236439	34,66
SOUTHERN W VA CMTY COL WILLIAMSON	55103	165761	33,24
HUNTINGTON SCH OF BEAUTY CULTURE	249225	808613	30,82
PARKERSBURG BEAUTY COLLEGE	358974	1165402	30,80
MOUNTAIN STATE COLLEGE	693065	2268075	30,56
JAMES RUMSEY VOC TECH CENTER	287998	952127	30,25
WEBSTER COLLEGE	738521	2574593	28,68
BECKLEY COLLEGE	364334	1273331	28,61
W VA COLLEGE GRAD STUDIES	328700	1186083	27,71
WHEELING BEAUTY COLLEGE INC	352788	1284674	27,46
STHN W VA CC	76920	287817	26,73
LITTLE FRENCH BEAUTY ACADEMY	115991	435410	26,64
EXCEL COLLEGE	579276	2185303	26,51
BLUEFIELD STATE COLLEGE	740100	2828775	26,16
WEST VIRGINIA CAREER COL MORGANTWN	931699	3587755	25,97
NATL EDUCATION CENTER-NATL INST TEC	871223	3471772	25,09
PARKERSBURG CMTY COLLEGE	628346	2549221	24,65
BECKLEY BEAUTY ACADEMY	109170	463027	23,58
WHEELING BARBER COLLEGE INC	118495	503382	23,54
INTERNATIONAL BEAUTY SCHOOL	89700	396540	22,62
HUNTINGTON JUNIOR COLLEGE	141416	631314	22,40
RALEIGH COUNTY VO-TECH CENTER	54304	247218	21,97
WEST VIRGINIA NORTHERN CC	488719	2227715	21,94
CLARKSBURG BEAUTY ACADEMY INC	176023	910549	19,33
MONONGALIA COUNTY VOC-TECHNICAL CTR	40991	217800	18,82
POTOMAC ST C OF W VA U	287908	1550966	18,56
GARNET CAREER CENTER	49400	284450	17,37
SALEM COLLEGE MAIN CAMPUS	1061911	6324465	16,79
CHARLESTON, UNIV OF	637937	3802596	16,78
CONCORD COLLEGE	558821	3629298	15,40
MARSHALL UNIVERSITY	2718893	18081177	15,04
FAIRMONT STATE COLLEGE	1208993	8658275	13,96
MEREDITH MANOR SCH OF HORSEMANSHIP	174497	1354279	12,88
ALDERSON BROADDUS COLLEGE	617592	5044415	12,24
GLENVILLE STATE COLLEGE	438929	3652665	12,02
APPALACHIAN BIBLE COLLEGE	78514	687137	11,43
BETHANY COLLEGE	515864	4645791	11,10
DAVIS AND ELKINS COLLEGE	569673	5342636	10,66
WHEELING COLLEGE	367662	3634589	10,12
WEST VA WESLEYAN COLLEGE	956939	9876691	9,69
OHIO VALLEY COLLEGE	87619	939607	9,33
WEST LIBERTY ST COLLEGE	773793	8804876	8,79
WEST VA INST TECHNOLOGY	425253	4954189	8,58
SHEPHERD COLLEGE	409041	5522255	7,41
WEST VIRGINIA UNIVERSITY	5897178	81280974	7,26

SCHSTATE=WYOMING

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
CERTIFIED WELDING & TRADE SCH/WY	262580	986644	26.61
WRIGHT BEAUTY ACADEMY	63267	285669	22.15
LARAMIE CO CMTY COLLEGE	314343	1844690	17.04
EASTERN WYOMING COLLEGE	100369	676902	14.83
NORTHWEST CMTY COLLEGE	190242	1312357	14.50
SHERIDAN COLLEGE	97658	835488	11.69
CASPER COLLEGE	205513	1971036	10.43
WYOMING TECHNICAL INSTITUTE	650784	6865274	9.48
CENTRAL WYOMING COLLEGE	33370	367997	9.07
WYOMING, UNIV OF	1489984	24281184	6.14

SCHSTATE=FC

INSTNAME	TOTAL DOLLARS DISBURSED TO DEFAULTERS	TOTAL DOLLARS NOT IN SCHOOL	$$ IN DEFAULT OVER $$ NOT IN SCHOOL
UNIV AUTONOMA DE PUEBLA	344313	478663	71.93
UNIV OF SANTIAGO DE COMPOSTELA	115763	252520	45.84
UNIV OF SEVILLE FACULTY OF MEDICINE	111480	254878	43.74
INST TECHNOLOGICO DE SANTO DOMINGO	229695	611881	37.54
ST MARYS UNIVERSITY	105256	282636	37.24
SCHILLER COLLEGE	65800	177475	37.08
NOVA SCOTIA COLLEGE OF ART & DESIGN	53320	145006	36.77
CONCORDIA UNIVERSITY LOYOLA CAMPUS	148149	476952	31.06
UNIV NACIONAL AUTONOMA DE MEXICO	138848	452856	30.66
UNIV OF THE AMERICAS	91739	300123	30.57
LA UNIVERSIDAD DE NUEVO LEON	336824	1137258	29.62
UNIV OF SALAMANCA	118389	442558	26.75
UNIVERSIDAD DEL NORESTE	2432311	9270805	26.24
UNIVERSIDAD CENTRAL DEL ESTE	4813817	19378552	24.84
KATHOLIEK UNIV LEUVEN INST OF PHILO	241073	998756	24.14
AMERICAN COLLEGE IN LONDON	58500	263769	22.18
UNIV AUTO DE CIUDAD JUAREZ BIOMED	1078218	4956134	21.76
UNIV OF MARYLAND MUNICH CAMPUS	33202	158543	20.94
MICHLALAH-JERUSALEM COL FOR WOMEN	118106	572307	20.64
UNIV OF WINDSOR	83690	420333	19.91
UNIV AUTONOMA DE SANTO DOMINGO	190883	1031564	18.50
ACADIA UNIVERSITY	52980	301414	17.58
UNIV AUTONOMA DE GUADALAJARA	237800	1438059	16.54
UNIV OF ROME	166699	1117128	14.92
ST FRANCIS XAVIER UNIVERSITY	94697	652830	14.51
UNIV OF TORONTO	330915	2340042	14.14
AMERICAN COLLEGE	90210	649551	13.89
UNIV AUTONOMA DE GUADALAJARA	1953139	15365819	12.71
UNIV OF BOLOGNA	284000	2470592	11.50
YORK UNIVERSITY	64006	560019	11.43
UNIVERSTE LIBRE DE BRUXELLES	117258	1095318	10.71
UNIV OF BOLOGNA MEDICAL SCHOOL	281064	2658619	10.60
COURS DE CIVILISATION FRANCAISE	63723	621081	10.26
UNIV DEGLI STUDI DI ROMA FAC DI MED	343403	3610526	9.51
HEBREW UNIV OF JERUSALEM	73564	953403	7.72
AMERICAN UNIV OF THE CARIBBEAN MED	149460	1973626	7.59
MCGILL UNIVERSITY	460120	6274088	7.33
LONDON SCH OF ECON & POLITICAL SCI	142585	2471688	5.77

Senator **Pell**. This hearing of the Subcommittee is about to adjourn. We meet again next Thursday at 10:00 in the morning. This meeting is adjourned.

[Whereupon, at 12:44 p.m., the Subcommittee was adjourned.]

Senator PELL. This hearing of the Subcommittee is about to adjourn. We meet again next Thursday at 10:00 in the morning. This meeting is adjourned.

(Whereupon, at 12:40 p.m., the subcommittee was adjourned.)

PROBLEMS OF DEFAULT IN THE GUARANTEED STUDENT LOAN PROGRAM

FRIDAY, DECEMBER 18, 1987

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room SD-430, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell and Stafford.

Also present: Senator Pressler.

Senator PELL. The Subcommittee on Education, Arts and Humanities will come to order.

The ranking minority member is recognized for his opening statement at this point.

OPENING STATEMENT OF SENATOR STAFFORD

Senator STAFFORD. Thank you very much, Mr. Chairman, and welcome to everyone who is here for this important meeting.

I am pleased to join our Chairman, Senator Pell, at the Subcommittee on Education, Arts and Humanities second oversight hearing on the growing problem of default in the Guaranteed Student Loan Program.

Our hearing last week was particularly informative for members of the subcommittee. The witnesses gave us an excellent overview of the dimensions of the default problem, and a thorough description of recent efforts by the Department of Education to tackle the issue.

Today's witnesses represent all sectors of the higher education community. If we are to successfully examine the default problem and develop realistic strategies to manage it, all participants in the program must act as advisers—guarantee agencies, lenders, institutions and processors.

Your willingness to appear before this Subcommittee today is deeply appreciated. The Guaranteed Student Loan Program is a partnership investment for Federal and State governments and the private sector. We all have an equal stake in its future success and proper management.

For 22 years, as partners, we have offered a helping hand to students of all ages to pursue postsecondary training at their institution of choice. Our purpose in meeting here today is to insure the continuation of that assistance.

I would like to offer, being parochial for a second, a special word of welcome to Ron Iverson, the executive director of the Vermont Student Assistance Corp. Under Ron's able leadership, VSAC has earned a reputation as one of the finest guarantee agencies in the Nation. The State's 98 percent repayment rate for Guaranteed Student Loans speaks to his successful administration of the GSL program in Vermont. He has been a valuable adviser to me during my tenure on the Subcommittee, and I know his testimony along with the others today will be very helpful to all of our colleagues on this committee.

Thank you, Mr. Chairman.

OPENING STATEMENT OF SENATOR PELL

Senator Pell. Thank you very much, Senator Stafford.

I would add that this marks the second hearing on the growing problem of defaults in the GSL Program. As we emphasized in the first hearing, this is a serious problem.

While the percentage of those who default on their student loans is not increasing, and while well over 90 percent of those who receive loans do eventually pay them off, the plain fact is that the program has grown so dramatically that the dollar figure of defaults is horrendous. In fact, as I pointed out at the first hearing, it could well reach almost $2 billion next year. In other words, what is happening is that the rate of default has not particularly changed, but the whole program has vastly expanded, and that is what gives us these very dangerous figures today. We obviously have to get a handle on the problem, but we must also do it in a fair way.

Those who willingly refuse to honor their obligations, pay off their loans, really must be found out and held accountable. Those who lend the money and those who guarantee it must also be held accountable, and we must make sure that they do in fact exercise proper diligence in administering this program.

Those who benefit from the loan money, the institutions of postsecondary education, must begin to be accountable for helping us to keep this program strong and viable. In that regard, I am glad to announce important changes of law that have already been agreed to in the Budget Reconciliation Conference.

First, current law provides that guarantee agencies may share information on defaulters with the institution the defaulter attended. But they are not required to do so. Thus, the sharing of this important information has not been taking place as widely as we had hoped. We propose, therefore, changing the "may" in current law to "shall". This is an important step and one that will enable the schools to get the information they need.

In addition, the Reconciliation Act extends the IRS tax offset provision that recently expired. This permits the Federal Government to withhold refunds from those individuals who are in default on their student loans. This provision brought in a third of a billion dollars, $340 million, over the last two years.

Another $1.5 billion in defaulted loans have been referred to IRS by the Department of Education, and we anticipate that reinstatement of this provision will produce significant additional income.

With this in mind, I would like to call our first panel: Dr. Dolores Cross, president, Higher Education Services Corp. of Albany, NY; Mr. Ronald Iverson, executive director of the Vermont Student Assistance Corp., Winooski, VT, about whom our ranking member has already spoken; Mr. Richard Hawk, chairman of the board, Higher Education Assistance Foundation, Overland Park, KS; and Mr. James T. Ryan, assistant vice president, Ameritrust Co. of Cleveland, OH, representing the Consumer Bankers Association; Mr. Gregory Stringer, vice president, education finance division, Chase Manhattan Bank, New Hyde Park, NY.

As you have been informed, we trust that you will restrict your oral testimony to 5 minutes. Your written statements will appear in the record in full as if read. At the expiration of 4 minutes, the yellow light will go on, and then at 5, to help you remember, the red light will go on, and a bell will gently ring.

So we will start out working from left to right, with Dr. Cross.

STATEMENTS OF DR. DOLORES E. CROSS, HIGHER EDUCATION SERVICES CORP., ALBANY, NY; RONALD J. IVERSON, EXECUTIVE DIRECTOR, VERMONT STUDENT ASSISTANCE CORP., WINOOSKI, VT; RICHARD C. HAWK, CHAIRMAN OF THE BOARD, HIGHER EDUCATION ASSISTANCE FOUNDATION, OVERLAND PARK, KS; JAMES T. RYAN, ASSISTANT VICE PRESIDENT, AMERITRUST COMPANY, N.A., CLEVELAND, OH, ON BEHALF OF THE CONSUMER BANKERS ASSOCIATION, WASHINGTON, DC; P. GREGORY STRINGER, VICE PRESIDENT, EDUCATION FINANCE DIVISION, THE CHASE MANHATTAN BANK, N.A., NEW HYDE PARK, NY

Dr. CROSS. Good morning. I am Dolores Cross, president of the New York State Higher Education Services Corp. I appreciate this opportunity to address the committee.

I speak from the experience of operating this Nation's largest student financial aid agency. We guarantee $824 million in loans to students and provide an additional $428 million in grants to students.

As the chief executive officer of a government State agency, I take very seriously what Gov. Mario Cuomo and the legislature have asked me to do—namely, to promote access to postsecondary education to all eligible students, and to ensure high levels of accountability in administering the Guaranteed Student Loan Program and the State grant and scholarship programs.

I would like to review some concerns we have regarding student loan defaults and then offer suggestions for your consideration.

Secretary Bennett recently proposed suspending from all Federal aid schools with GSL default rates above a certain percentage. I feel the Secretary's approach is flawed in concept and data. This policy, or similar default rate approaches to reduce defaults, are by their nature arbitrary, absolute, and discriminatory. They would jeopardize access to postsecondary education, primarily for minorities and low-income students, based on a single data measure.

To have an arbitrary default rate serve as a primary determinant of access to the Guaranteed Student Loan Program flies in the face of good judgment. Not only does the approach disregard the entire range of factors which can directly or indirectly contribute to a high level of default; it also constitutes a drastic departure from this country's commitment to promoting access to postsecondary education.

A simplistic default rate approach should be abandoned and the following principles adopted to guide the development of any proposal to control program costs.

First, full access for all types of students to all types of schools should be maintained.

Second, all parties—and I agree with you in this statement—should be charged with instituting policies to assure a high level of program accountability—students, schools, lenders, and guarantee agency.

These principles and the following approaches are recommended.

First, the U.S. Department of Education should undertake research to determine what factors relate to defaults and the ability of students to repay loans—for example, the types and rates of employment and the average earnings of student borrowers.

From our experience, factors such as these have the greatest influence on defaults. Once the factors related to default are identified, an immediate program review should be done of institutions where defaults are significantly higher than the average for schools that enroll students with similar characteristics.

Those schools found to be in significant violation of administrative regulations should be suspended. Fraudulent recruitment and/or misleading of the students as to what education or training they will be receiving or what debt repayment obligations they have should also lead to immediate suspension.

Next, the student as a consumer should be protected from the risks inherent in borrowing under the program.

High default schools should provide student loan applicants with information on the default and employment rates of previous borrowers.

Lenders should interview, as an entrance interview, first-time borrowers from schools that have a high level of default, or default that is significantly higher than the average for schools that enroll students with similar characteristics.

All schools should be required to provide new student borrowers with adequate and consistent information on their rights and responsibilities.

Guarantee agencies should be restored to a position of authority and responsibility in monitoring requirements in each State. National guarantors should be prohibited from guaranteeing loans in States that have a guarantee agency except by invitation.

I have in my attachment to my written testimony indicated a number of initiatives that New York has taken as part of its default prevention plan. These initiatives have been shared with colleges, with lenders, and with students throughout the State.

Finally, in my testimony and in my coming here, my concern is that we are able to maintain our commitment to access. It is my feeling that if the default rate is used, schools will simply not admit students who they identify as high risk. The high risk students for many institutions tend to be the black, Hispanic and low-income students.

I also feel that lenders will also suspend or stop making loans to these students. A default rated only assures that people will begin to deny access. And we would suggest proposals that would assure the high accountability of all players in the Guaranteed Student Loan Program.

Thank you for this opportunity.

[The prepared statement of Dr. Cross and responses to questions submitted by Senator Hatch follow:]

TESTIMONY BEFORE THE U.S. SENATE SUBCOMMITTEE ON EDUCATION, ARTS AND THE HUMANITIES

By

Dolores E. Cross, Ph.D.
President
New York State Higher Education Services Corporation
99 Washington Avenue
Albany, New York 12255
(518) 474-5592

Washington, D.C.
December 18, 1987

Good morning. I am Dolores Cross, President of the New York State Higher Education Services Corporation, New York State's financial aid agency. I speak from the experience of operating the largest state guarantee agency in the nation. Last year, we administered $824 million in guaranteed loans for students and parents while providing another $428 million in state grants, scholarships and the federal SSIG program.

As the Chief Executive Officer of a government agency, I take very seriously what Governor Mario Cuomo and the legislature have asked me to do. Namely, to promote access to postsecondary education to all eligible students; to ensure high levels of accountability; and, to efficiently administer the state grant and scholarship programs and the federal guaranteed student loan programs.

We in New York, as well as other guarantors across the country, are working with schools and lenders to ensure accountability to maintain the integrity of the loan program. We are taking steps to avert defaults and to control costs. In fact, preliminary data for 1986-87 indicate that the annual cost for guaranteed student loan defaults has declined from the year before. Efforts to control costs in the guaranteed student loan program are working.

I would like to review some concerns regarding student loan defaults and then offer some suggestions for your consideration. Secretary Bennett wants the public to believe that the default situation is out of control. He has introduced a default-rate approach which will, quite simply, deny access to low-income minority students.

Let me elaborate: Secretary Bennett has arrived at the conclusion that financial aid should not be provided to students attending certain institutions having what he considers high default rates. If Bennett follows through on his threat to cut off aid to students in certain institutions, schools would be encouraged to deny access to those they identify as high-risk. Lenders, too might be encouraged to deny loans to students they identify as high risk - again, Blacks, Hispanics and the poor would most likely be affected.

Bennett's policy, or similar default rate approaches to reduce defaults are by their nature arbitrary, absolute and discriminatory. To have an arbitrary default rate serve as a primary determinant of access to the Guaranteed Student Loan program flies in the face of good judgement. Not only does the approach disregard the entire range of factors which can directly or indirectly contribute to a default, it also constitutes a drastic departure from this country's commitment to promoting access to postsecondary education.

We recommend the following principles be adopted to guide the development of any congressional proposal to control student financial aid program costs:

1. The integrity of the Program should be maintained by enforcing high standards of accountability in program administration.

2. Full access for all types of students to all types of schools should be maintained.

3. A default rate should not discriminate against any class or group of people. It should be used only as an indicator for further review or action, nor should it be used as the sole reason for suspending a school from the GSL program.

4. Potential borrowers should have full information about the rights, responsibilities and risks of borrowing.

Within these guidelines, the following approaches are recommended:

A. The highest level of accountability in the Guaranteed Student Loan program should be maintained by developing and enforcing reasonable standards.

   1. The U.S. Department of Education should undertake research to determine what factors relate to defaults and the ability of students to repay loans, eg., the types and rates of employment and the average earnings of student borrowers. From our experience in New York, these factors have the greatest influence on defaults.

   2. Once the factors related to default are identified, an immediate program review should be done of institutions where defaults are significantly higher than the average for schools that enroll students with similar characteristics.

   3. Those schools found to be in significant violation of administrative regulations should be suspended. Fraudulent recruitment and/or misleading of the students as to what education or training they will be receiving or what debt repayment obligations they have should also lead to immediate suspension.

B. The student as a consumer should be protected from the risks inherent in borrowing under the program.

   1. High default schools should provide loan applicants with information on the default and employment rates of previous borrowers.

   2. Lenders should interview, as an "entrance interview," first-time borrowers from schools that have a level of defaults that is significantly higher than the average for schools that enroll students with similar characteristics. Alternatively, this interview could be conducted by schools for all borrowers.

   3. All schools should be required to provide new student borrowers with adequate and consistent information on their rights and responsibilities as borrowers.

C. State Guarantee agencies should be restored to a position of authority and responsibility in monitoring program requirements in each of the states. National guarantors should be prohibited from guaranteeing loans in states that have a guarantee agency except by invitation of the state.

1. State guarantee agencies should be restored to a primary position in the GSL program so that information regarding state grant and scholarship aid can be integrated into the loan approval process (much like it is now with Pell Grant eligibility determination being a part of loan certification). We at the New York State Higher Education Services Corporation recently sent state grant applications to low income loan applicants. That project resulted in grants being made to 3000 people who otherwise wouldn't have received them. I'm certain that a comparable project nationally, as part of the loan approval process, would find tens of thousands of grant-eligible loan applicants who could lower or eliminate their loan requests once they learned of state grant possibilities from the state agency.

2. State agencies need to intensify efforts to counsel students, while still in high school or junior high school, about non-loan sources of aid. Increasing grant and scholarship utilization is the ultimate way to lower defaults, and an educated consumer would be a wiser consumer.

D. It is unfair to make future generations of needy students pay for the failures of some earlier borrowers. While we all favor a vigorous effort to collect unpaid loans, the only defensible policy is one that focuses on those who have defaulted. To penalize those who find themselves applying for a loan for the first time is both unfair and misguided. The New York State Higher Education Services Corporation's approach is to focus on the area of the aversion of default and improved collections by readily adopting the Department of Education's enhanced pre-claims assistance and supplementary pre-claims assistance regulations. Our primary objective is to avert default claims and increase collections through better communications with our student borrowers. We have made an investment in computer systems, software and equipment to carry out our improved aversions and collections activities. Guarantee agencies should be encouraged to make similar investments, not discouraged by deficit reduction proposals to spend excess reserves, if indeed there are excessive reserves.

Summary

In summary, I applaud the Congress' efforts to find ways to strengthen the Guaranteed Student Loan program. It is a valuable program that has produced a wealth of high returns both for individuals and for our society in general in its 23-year history.

In our attempts to strengthen the program, to minimize the risks that are involved, we must ensure that we proceed sensibly, not carelessly. In your search for improvement, I urge you not to use the default rate approach suggested by Secretary Bennett, but rather to develop an approach that embodies the principles I've outlined in my testimony. Particularly, if a default rate is to be employed, it must be employed in a fashion that takes into consideration the real factors contributing to default behavior.

I feel that we can combine the good intent of those who are working to reduce federal costs further with the experience of the program administrators, to produce a manageable and effective program that promotes access to postsecondary educational institutions for all eligible students.

Thank you for your kind attention.

12/87

New York State Higher Education Services Corporation Default Prevention and Reduction Plan

I Secretary Bennett's plans to cut schools from the GSL program are based on a flawed concept and data.

- a) His policy is arbitrary, absolute and discriminatory
- b) Examination of default rates published by the United States Department of Education reveals that figures are grossly inflated
- c) The Inspector General of the Department recommended the data not be used in analyzing defaults
- d) Bennett's actions show he is ignoring the steps that guaranty agencies, schools and lenders take to control cost and maintain program integrity.

II Bennett's plan jeopardizes access and is discriminatory.

- a) Schools could deny access to those they consider high risk borrowers
- b) Lenders could refuse to lend to those they consider high risk borrowers (e.g., Chase Manhattan)
- c) Blacks, Hispanics and other under-represented students would be most negatively affected because they tend to enroll in greater proportions in vocational schools and community colleges
- d) Contrary to Bennett's claim, students often do not have the option of going to another school because of admissions policies, programs or academic preparedness
- e) To refuse federal financial aid to future students because of actions of previous students would be discriminatory
- f) An educated citizenry is critical to our nation's viability and financial aid plays a pivotal role in making education available to all our citizens.

III The GSL program was never intended as a consumer loan.

- a) It provides economic assistance to persons in need, to give them access to the education they could not otherwise afford
- b) The federal government guarantees educational loans so that lenders will be willing to lend to individuals with no

credit history, no collateral and no jobs

c) Nearly 90% of student borrowers repay their loans on time.

IV Why is it important to keep defaults in check?

- a) To maintain public confidence in the program
- b) To maintain the integrity of the program
- c) To minimize default activity
- d) To ensure the continued availability of funds under the program to students
- e) To protect the credit worthiness of thousands of our citizens and their full participation in our economy.

V What will the Corporation do?

- a) Public relations
  1. Continue its public relations campaign to educate the general public to, among other things, reduce the negative perception of the public toward student loans
  2. Use the press and select publications to describe the nature of the GSL program
     - o Create an awareness that funding from the GSL program provides the opportunity for a large segment of our population to realize its maximum potential
  3. Publicize vignettes of student loan borrowers who have benefitted from the program and who have paid off their loans or are making regular payments
     - o Counteract the current perception that all student loan borrowers go into default - nearly 90% pay their loans on time
     - o Do not discourage students from borrowing because education is worth the risk
     - o Promote both educational opportunity and the means for students to become educated consumers
- b) Research findings of the Corporation and other organizations will continue to be used to guide policymakers
  1. "Payers and Defaulters" found that a major reason that borrowers go into default is that they are unemployed or underemployed and this led to a congressional amendment

2. The State University of New York Symposium on Higher Education Financing concluded that, as loans occupy a larger portion of the financial aid package, a larger share of the burden is shifted to the student

c) Corporation assistance to schools for default reduction and prevention

1. Letters to distribute to graduating students that describe rights and responsibilities and list sample repayment plans

2. A personal computer diskette that permits students to calculate monthly repayments on student loans

3. Posters that stress the need for good debt management

4. Radio spots that can be played on the campus radio station

5. Brochures on debt management

6. Lists of students who are scheduled to graduate so that exit interviews can be scheduled

7. Collections programs enhanced by EDP systems and increased in-house capacity to take legal action

8. Counseling to students on financial aid, debt management, deferment options, the negative consequences of default and how to get out of default by installing a toll-free 800 line and providing materials in a variety of media

VI School actions

a) Counsel students early in the financial aid process that loans are used as last resort

b) Provide debt management counseling, on an ongoing basis and at the time the student leaves school

c) Require schools to provide recent data on job placement, as it relates to the education received

d) Require schools with default rates above the acceptable level, as established by Congress, to notify potential applicants of the default rate prior to their applying for a loan

VII Lender action

a) Expand efforts in providing consumer information, to student loan borrowers, i.e., debt counseling

VIII Federal actions

The following are principles that should guide the Congress as it approaches enhancing accountability and cost effectiveness in the GSL program:

1. Full access for all types of students to all types of schools should be maintained.
2. A default rate should not discriminate against any class or group of people. It should be used only as in indicator for further review or action. A default rate should not be used as the sole reason for suspending a school from the GSL Program.
3. Potential borrowers should have full information about the rights, responsibilities and risks of borrowing.
4. The integrity of the Program should be maintained by enforcing high standards of accountability in program administration.

Within these guidelines the following approaches are recommended:

1. The U.S. Department of Education should establish a definition of "high" institutional student loan default level that (any default rate established should) differentiates along expected results. Factors that should be considered include:
   a. the employment rate of student borrowers
   b. the types of employment and the average earnings of student borrowers
   c. the income distribution of borrowers
   d. the unemployment rate of the region served by the institution
   e. other factors that may affect the ability to repay loans.
   f. the types of school
   g. the educational background of students
   h. the economic background of the students

   The student loan default schedule should be based on research into the factors of default and should be approved by Congress before any action is taken.
2. An immediate program review should be done of high default rate institutions. Those found to be in significant violation of administrative regulations should be suspended. Fraudulent recoupment and/or misleading of the students as to what they will be receiving or what obligations they have should also lead to immediate suspension.

3. State guarantee agencies should be restored to a position of authority and responsibility in monitoring program requirements in each of the states. National guarantors should be prohibited from guaranteeing loans in states that have a guarantee agency except by invitation of the state.

4. Schools should provide loan applicants at high default level institutions with information on the defaults and employment rate of previous borrowers.

5. Lenders should interview first-time borrowers at schools that have a level of defaults that is significantly higher than the average for schools that enroll students with similar characteristics.

6. All schools should be required to provide all new student borrowers with adequate and consistent information on their rights and responsibilities as borrowers.

7. Efforts should be intensified to counsel students while still in high school to avoid GSLs, if possible, through the use of other financial aid.

IX Summary

a) The Corporation's position is that all participants within the program should share in maintaining the integrity of the GSL program.

b) This position will be accomplished by requiring firm accountability not only from student borrowers, but also from schools, lending institutions, guaranty agencies and the federal government.

1/26/88

Responses of the New York State Higher Education Services Corporation to Senator Hatch's Questions on GSL Defaults

Question 1

What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

Response

We believe the purpose of federal student financial assistance is to facilitate access and choice to postsecondary education for low-income and low-middle income families in a manner complementary to state government and institutional efforts. Given that the cost of guaranteed loan defaults was lower in FY '87 than the previous year, we don't see a need to modify the basic purpose of student assistance because of that issue.

Question 2

What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both?

Response

When we examine the cost of student loan defaults, we should do so within the proper context. That is, the purpose and mission of the Guaranteed Student Loan Program should be incorporated within any examination of its performance. If that is done, there appears to be less of a "default problem" than has been recently reported because:

1) The cost of GSL defaults declined in FY '87 over FY '86,

2) The overall cost of the Guaranteed Student Loan program to the federal government declined by $1 billion between FY '87 and FY '85,

3) The GSL default rate has stabilized at around 10%,

4) The default rate in the Guaranteed Student Loan program is lower than that in other federal guaranteed programs such as Small Business Administration loans and Credit Commodity Corporation farmer loans, despite the fact that student loans are offered to high risk students with no credit checks and no credit history.

It would appear that within these contexts, the default costs within the Guaranteed Student Loan program, overall, are quite acceptable given its mission and its constituents. However, efforts should be continued to reduce fraud and abuse and misadministration within the program by any of the participants: agencies, lenders, schools, and borrowers.

Question 3

What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

Response

The New York State Higher Education Services Corporation computes an annual default rate, based on dollars of default, not number of defaulted loans. We prefer this method instead of inception-to-date (cumulative) rates as cumulative rates do not accurately portray the current situation since all previous history is included in the formula. It is, therefore, difficult to make any evaluations using cumulative rates. Our 1986-87 Annual Report included a table which showed our annual default rate peaked at 6.9 percent in fiscal year 1984 and has declined steadily since then. The rate for fiscal 1987 was 3.1 percent.

Question 4

Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student borrower who defaults on a GSL?

- It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt.

Response

Research conducted in 1984 by our agency found the following characteristics for student loan borrowers and defaulters:

1) Borrowers who are employed when their loans came due were more likely to begin repayment of their loans. Eighty percent of repayers but only twenty six percent of defaulters reported being employed at the time that their loans came due.

2) There was a strong inverse relationship between default and the number of years spent in school. Borrowers who last borrowed as freshmen had the highest default rate, 14.2%. The default rate dropped steadily as class level rose, with seniors and graduate students having the lowest percentages of defaults, 2.6%. There was also a relatively high default rate in the vocational sector (17.2%) which is consistent with the above statement.

3) Repayers tended to have borrowed more frequently and to have incurred greater indebtedness than borrowers in default. On the average, defaulters had 1 3/4 loans and had borrowed a total of $3,106 as compared with 2 1/4 loans and $4,626 for borrowers who were repaying on their loans.

4) Borrowers who had worked summers or part-time while in school were more likely to repay their loans. Eighty-six percent of the repayers reported that they had worked summers or during the academic year while only 48% of delinquent defaulters and 70% of paying defaulters said that they had been so employed.

Our recommendations based on this research included:

1) Borrowers who have defaulted and subsequently resumed payment for a year's time should have their eligibility for financial aid restored even if their loans are not sold back to a lending institution. Currently, many borrowers in default cannot afford to complete their education because they are ineligible to receive aid. Thus, they cannot improve their employment opportunities and remain in a poor position to pay off their loan. The Reauthorization of 1986 included a loan rehabilitation project which would accomplish much of the above while saving the federal government over $100 million. However, the U.S. Department of Education has delayed its implementation.

2) Students should be discouraged from excessive borrowing. Wherever possible, other types of financial aid should be fully funded, and utilized. Institutional financial aid officers should promote the use of grants, scholarships, and work-study first and loans should be used as a last resort.

3) More detailed information should be provided to prospective students regarding job placement history of recent graduates at the school they plan to attend. Several of the respondents to our survey who had graduated from vocational schools enclosed newspaper ads from their schools which they felt were misleading. These respondents had completed their programs but were unable to find work. Fortunately, the 1986 Reauthorization extended the GSL unemployment deferment to 2 years, based on a proposal developed by our agency.

Additional recommendations presented in testimony before the U.S. Senate Subcommittee on Education, Arts and the Humanities on December 18, 1987, include:

1) **The U.S. Department of Education should establish a definition of "high" institutional student loan default level that differentiates along expected results. Factors that should be considered include:**

   a) The educational background of the students

   b) The economic background of the students

   c) The types and rates of employment and the average earnings of student borrowers

   d) The type of school

   e) Other factors that may affect the ability to repay loans.

2) Once the recommended differential rates of default are developed, an immediate program review should be conducted of high default rate institutions. Those found to be in significant violation of administrative regulations should be suspended. Fraudulent recoupment and/or misleading of the students as to what they will be receiving or what obligations they have should also lead to immediate suspension.

3) Lenders should interview first-time borrowers from schools that have a level of default that is significantly higher than the average for schools that enroll students with similar characteristics. Alternatively, this interview could be conducted by schools for all borrowers, as an entrance interview.

4) All schools should be required to provide new student borrowers with adequate and consistent information on their rights and responsibilities as borrowers.

5) State guaranty agencies should be restored to a primary position in the GSL program. Information regarding state grant and scholarships can be integrated into the loan approval process.

6) Incentives should be found to encourage state agencies to intensify efforts to counsel students, while still in high school or junior high school, about non-loan sources of aid. Not using loans is the ultimate way to lower defaults and an educated consumer would be a wiser consumer.

Question 5

Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

Response

Our agency's default study found that defaulters were more likely than repayers to have other educational loans. Among borrowers who had attended vocational schools, 9% of defaulters but only 5% of repayers reported having school loans. In other sectors, 26% of defaulters and 22% of repayers reported having borrowed from a school. The limited availability of NDSL (Perkins) funds at vocational schools explains the generally lower level of school borrowing among these borrowers. We also found that borrowers in general received little family assistance in repaying their loans. However, the proportion of repayers who reported receiving family assistance was three times as large as the proportion of defaulters who reported such help. Our research found that repayers reported slightly higher cost of attendance figures than defaulters and slightly lower "other aid" than defaulters.

As indicated above, intensive counseling regarding alternative forms of college financing seem to be a logical way to address this issue. Concurrently, Congress should work to fully fund grant programs by increasing appropriations to meet authorized levels.

Question 6

Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly any concerning the appropriate student aid package at that type of school?

Response

There was a strong relationship found in our agency research between default and the level of school attended. People who last borrowed for attendance at vocational schools had a proportion of defaulters (17.2%) two times as great as borrowers who had attended 2-year school (8.6%). At 4-year colleges and graduate schools the percentages of delinquent defaulters dropped lower still, to 4.8% and 2.7%, respectively. Borrowers who had attended vocational schools comprised 49% of the delinquent defaulters. This finding reinforces an earlier statement indicating a strong inverse relationship between default and the number of years spent in school.

From a recommendation standpoint, it would again appear advantageous for Congress to consider increasing available grant funding for lower division undergraduate students and possibly restricting loan eligibility for these students.

Question 7

A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

Response

The income-contingent loan program ideas while an intriguing concept, should be thoroughly studied and analyzed before any further funds are committed by Congress. Several research reports indicate that the current income-contingent loan program discriminates against lower income students by prolonging their loan repayment and, in the process, increasing their finance charges over the life of the loan. This appears to be a regressive characteristic which should be addressed once the current pilot income-contingent loan program is concluded in 4 years. Until that time, it would appear reasonable to fully fund and fully support the Guaranteed Student Loan program, with minor fine tuning to improve administration. Unlike the income-contingent loan program, the Guaranteed Student Loan program does not discriminate on the basis of income in determining the amount of loan repayment - all students are treated equally in that regard.

Question 8

Of the total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access" to education. It would be shortsighted if, in dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

- Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? Further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? Other so-called "risk-sharing" proposals? Requirement of a uniform guaranty fee? Various increased due diligence proposals?

- Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in financial cost to the student?

Response

We agree that the leverage factor inherent in the Guaranteed Student Loan (GSL) program makes it quite attractive in helping to control direct federal costs. Throughout its history, the GSL program has provided something like $77 billion in loan capital for an approximate federal cost of $27 billion, a better than 3-to-1 leverage ratio. The program appears to be working and should be fine-tuned only after full discussion and consideration of alternatives is allowed. In that regard, any proposals to further reduce lender yield and agency support, beyond the reductions already put in place through COBRA and reconciliation, should be thoroughly assessed in terms of impact on lender participation and access to capital nationwide.

We have already seen examples of lenders withdrawing from particular sectors of higher education because of concern over profit margins and risk-sharing proposals (e.g., Chase Manhattan Bank). We have also seen agencies begin to withhold their guarantee of new loans because of precarious financing positions. Some would say that since Guaranteed Student Loan Program costs have declined by a billion dollars in FY '87, compared to FY '85, no further cuts should be made at this time. We recommend that the National Student Aid Commission be directed to study alternatives in guaranty agency financing, and include input from all representative organizations, and present options to Congress. Our agency has developed a proposal for consideration in such an effort, one which recommends that the full faith and credit of the United States Government be place behind the Guaranteed Student Loan program so as to lower fees to students and increase lender confidence in the agency guarantee. We will be glad to provide details of that proposal upon request.

Question 9

The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in the Higher Education Amendments of 1986. Various institutional organizations of groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

- What is the legitimate extent of institutional responsibility?

- Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on educating students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending

activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

Response

We suggest that postsecondary educational institutions direct as much of their energies and resources as possible toward the education of their students. At this time, there appears to be still enough access to loan capital nationwide through the existing Guaranteed Student Loan program lender network. Thus, further involvement by educational institutions in direct lending appears unnecessary at this time. Educational institutions can, however, further integrate their student counseling efforts with lenders and agencies by providing entrance and exit interviews to student borrowers and reminding them of their obligation to repay. Educational institutions could also assist with skip tracing efforts by providing updated address and reference information on student borrowers when that information is made available to them.

Question 10

What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

Response

While our default rates dropped dramatically between fiscal 1986 and 1987, it is difficult to ascribe this change in default rate to the recently enacted changes in the loan program. Other factors that are involved are change in the mix of students borrowing loans guaranteed by our agency, changes in economic factors regarding employment, etc. It is generally assumed, however, that both of these changes will have the effect of reducing the default rate.

Question 11

Given the difference between GSLs (e.g., no credit check, no collateral requirement) and standard commercial loans, what is a realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

- Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?

- **What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?**
- **Would the taxpayers' dollars now being spent for default costs be better spent on grant programs? On work-study programs?**

Response

The current rate of default for the guaranteed loan program appears acceptable given the mission and purpose of the program and the comparative default rates of other federal guaranteed federal loan programs as outlined in Question 2 above. There appear to be misconceptions in this question as it speaks to the "rise of default costs." Actually, as outlined earlier, the last actual year of data (FY '87) saw default costs for the Guaranteed Student Loan Program decline by several million dollars from the year before. Current estimates of FY '88 default costs are just that, estimates , and should not be taken as actual data until more of the fiscal year has elapsed. In addition, one can expect that the cost of defaults will rise somewhat as guaranteed loan program volume rises, even if the rate of defaults remains the same. Given that college costs are continuing to rise, and reauthorization resulted in greatly increased loan limits, and current restrictions on federal grant funding, we can predict that loan volume will likely increase over the long term and, thus, so will the overall cost of default. If the current proportion of defaults remains the same, however, one can say that overall the program costs are well under control given the mission, purpose, and leveraging of the Guaranteed Student Loan Program. Obviously, our preference would be for full funding for the federal grant programs as outlined earlier.

Question 12

Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

Response

As indicated in our December 18 Senate Subcommittee Hearing testimony, we recommend that the U.S. Department of Education undertake research to determine what factors relate to defaults and the ability of students to repay loans. As the default rate is developed by the Department of Education, care should be taken so that it does not discriminate against any class or group of people. It should be used only as a indicator for further review or action, and it should be not be used as a sole reason for suspending a school from the GSL program. The default rate used should be an annual net rate, and not a cumulative rate, to reflect repurchases by lenders, the rehabilitation program, and repayment activity by student borrowers.

Question 13

What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

- Can current law requirements be increased? If so, how? How costly are any of the current requirements or any proposed new measures? Are they cost-effective?
- Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating defaults?
- Is there a point at which due diligence becomes so onerous and costly for a lender or a guaranty agency that either or both would limit student access or leave the program altogether?
- In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

Response

Specific due diligence requirements for lenders and guarantee agencies were part of the 1986 regulation changes. In terms of the lenders, the due diligence requirements are fair and should be effective in informing borrowers of their responsibilities and avoiding unnecessary defaults. At the current time, however, there is a major problem in that the lender will lose its guarantee for any deviance from these requirements, however minor. A guarantee can literally be lost because a phone call was made by the lender one day late. The National Council of Higher Education Loan Programs is currently working with the Education Department to establish reasonable "cure" procedures whereby lenders who deviate from the federal regulations can perform certain other activities and not risk the loss of a guarantee. The Department should be encouraged to cooperate in these efforts to preclude a major lender withdrawal from the GSL program.

In regards to the due diligence activities for guarantee agencies after default, we believe that these are far too restrictive and incorporate a time frame which is unrealistic. As previously stated, our research shows that the vast majority of borrowers default due to unemployment or under employment. Prior to the default being claimed, the lender performs the required due diligence activities and most guarantors attempt to resolve the delinquency prior to the purchase of the loan. Federal due diligence activities for guarantee agencies require immediate collection activities on these accounts, culminating with instituting legal action no later than 225 days after default purchase. The vast majority of these borrowers are in no better position to repay their loans at this stage than they were at the time of purchase. While we see the need for instituting legal action to recover the funds, we believe that the time frame is entirely too short. The regulations ignore the fact that student loans become more collectible as time goes on (as opposed to normal consumer loans). For instance, the New York State Higher Education Services Corporation collected $55 million last year from borrowers in default. An additional $13 million was collected through the attachment of federal tax returns.

Our agency made extensive use of various match programs. We have found these programs to be invaluable as a skip trace as well as a collection tool. It enables the guarantee agencies to locate borrowers who are employed. New York State also has a voluntary program where State employees can make payments on their defaulted student loans by means of payroll deduction.

Question 14

Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentive to serve high risk students and thus at odds with providing expanded access to educational opportunity.

- Which do you believe is the more accurate view of these provisions or proposals?
- If these are disincentives, should they be utilized?

Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

Response

The Guaranteed Student Loan Program is a public service program which provides access to postsecondary education for a relatively high risk student constituency. Without it, or with serious restrictions within it, fewer low income and low-middle income students would attend postsecondary institutions and thus more of them would attempt to enter the labor force without post-high school education. Given the predictions for increasing college preparation for future jobs by the Bureau of Labor Statistics, imposing such restrictions to access would seem to be ill-advised.

We recommend, instead, that guaranty agency and lender cost sharing activities (e.g., agency reinsurance fee) be modified to include sensitivity to the risk nature of the agency or lender portfolio. That is, parameters should be developed which would provide incentives to serve high risk students, perhaps through a reduction or elimination of current taxations such as the reinsurance fee for those agencies that service a specified percentage of low income student borrowers. Without such incentives, agencies and lenders will move to limit access to their Guaranteed Student Loan Program (as is already happening) as Congress continues to discuss withdrawal of financial administrative support. This recommendation was recently supported at a Consumer Bankers Association (CBA) conference, whereby lenders indicated that if they were asked to further share risks, they will limit the type of students and schools they serve.

Question 15

The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. by how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

Response

None.

Question 16

The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

Response

It appears that the Department of Education has no research upon which to base such a recommendation. Our experience would indicate that guaranty agencies currently participating in the student loan program are doing a superior job in collecting on defaulted loans. For example, our agency continues to lead the nation in GSL collections with nearly $57 million in collections reported for federal fiscal year '86 (as reported in the recently released Guaranteed Student Loan Program Databook, U.S. Department of Education.) This year, we are experiencing even greater increases in collections while experiencing a reduction in default claims. Nationally, between FY '85 and FY '86, all guaranty agencies reported over $291 million in collections, a 62.5% increase from the prior year. Comparable experience for the now defunct Federal Insured Student Loan (FISL) program indicates that the guarantee agency mechanism is far superior for successfully pursuing loan collections. We would suggest that if the Department of Education has new evidence to show that they could collect on student loans better than guarantee agencies, they should present that statistical evidence. Or, minimally, they should commission a research study to ascertain such a possibility. Until these results could be studied, no immediate change should be made. This is particularly true given the standarized agency due diligence procedures recently added to statute.

Question 17

One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

Response

While we do not know what the net cost savings would be by withholding transcripts for students who default, we believe it is a reasonable measure to apply to defaulters. As a matter of fact, it is agency policy to request schools to do so. However, as mentioned above, we also believe that ways should be found to encourage dropouts to return to school. One method would be to allow, under certain particular circumstances, defaulters to re-establish their eligibility for federal financial aid by establishing a satisfactory repayment record on a defaulted guaranteed student loan. New York State has a comparable program by which eligibility for state financial aid is reinstated after satisfactory repayment is made on a guaranteed student loan for at least one year. And, as mentioned earlier, the Department of Education should implement the federal GSL rehab program. The long-term cost-savings to the federal government established by allowing a student to return to school under certain controlled circumstances suggests strong consideration of such a progressive method of treatment for postsecondary school dropouts.

Question 18

If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guaranty agencies? by ED?

- What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity.
- Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?

- What is the responsibility, if any of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

Response

See our response to Question 4 above.

Question 19

There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extend are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency of agency reserves?

Response

As the GAO report has not been made public, we are unable to respond to this question.

Senator **Pell**. Thank you very much indeed.

I would add the only reason we have this 5-minute rule is so that we can have an opportunity to ask questions, which I think bring out the queries that we have in our minds more specifically.

Mr. Iverson?

Mr. **Iverson**. Thank you, Mr. Chairman and Senator Stafford.

I appreciate the opportunity to appear before you today. I will limit my remarks to the renewal of a State/Federal partnership on the guarantee agency level, which I believe will contribute significantly to alleviating the default problem.

While the Vermont agency has one of the lowest default rates in the country, we share Senator Stafford's concerns that the Guaranteed Student Loan Program may not survive with a possible $2 billion annual default cost staring us in the face.

The Guaranteed Student Loan Program was conceived as a partnership between the Federal Government and the States, and only by fulfilling the obligations which a partnership encompasses will the program, in my opinion, survive.

Under such a partnership, guarantee agencies must be willing to share in default costs. The Senate in its reauthorization proposal recommended that guarantee agencies share a part of the reinsurance risk, and in view of the current pressure on the program, it may be that guarantors will have to become equal partners with the Federal Government and be responsible for one-half of all default payments. Under such a 50/50 shared risk program, other factors must also be changed to make the partnership viable. There are eight.

First, all agencies should be allowed a fair and reasonable level of reserves to meet their new obligations.

Second, under a shared risk program, agencies should retain all collections on defaulted loans since they will need these revenues to pay for defaults.

Third, the annual Federal reinsurance fee levied on States should be eliminated.

Fourth, under this partnership, the Federal Government should eliminate the 5.5 percent student loan origination fee and legislate that all guarantee agencies charge a fixed administrative fee of 3 percent in order to assure sound program administration and collection practices.

Fifth, Congress must put into law a default formula and other specifications for data reporting that can be used to evaluate the effectiveness and responsiveness of all those involved. I would suggest you ask the National Council of Higher Education Loan Programs to prepare such indicators for your consideration.

Sixth, the Department of Education must abandon its practice of micromanagement and return to being an overseer of the program, which would help rather than hinder the effective delivery and collection of student loan dollars.

Seventh, it is time for schools which flagrantly abuse the program to be disqualified from the program. However, I do not support terminating schools from the program on the basis of default rates alone. Such a move would curtail access and hurt the poor and minorities disproportionately.

Eighth, Congress must take steps to stop the activities of National Guarantors that aggressively market student loans through an array of marketing and advertising techniques usually found in retail sales. Such practices only create confusion for students and families and lead to unneeded borrowing, double borrowing, and provide an increased potential for fraud and abuse.

By moving to a Federal/State GSL partnership of shared risk as outlined in the eight points mentioned, agencies will have the incentives to provide better program management and services, which will further result in better repayment by students.

Colleagues say to me that Vermont's program has been so successful because we do not have the problems they have. That is really nonsense. We have poverty. The U.S. Census data revealed that 32 percent of Vermont households have incomes less than $10,000.

We have broken homes, high school dropouts, and a high percentage of first-generation college students. It is good management and support services, before and at the time of borrowing and throughout the life of a student's loan, that have been responsible for our excellent 98 percent repayment rate, and this is in a State that has had 100 percent loan access for two decades.

I know there is no substitute that even comes close to replacing the GSL in our State which annually provides $50 million to Vermonters and students studying in Vermont.

The shared risk partnership concept will generate substantial long-term savings for the Federal Government, and the overall benefits are so great that Congress should seriously consider such an option before recalling reserves which States will need in a shared risk program.

Mr. Chairman, even though my remarks are limited to the State agency role, I would encourage you to explore the concept of shared risk with the lenders and national secondary markets.

I would be happy to provide any additional information you may wish on that topic, or answer any questions.

Thank you.

Senator Pell. Thank you very much, Mr. Iverson.

[The prepared statement of Mr. Iverson and responses to questions submitted by Senator Hatch follow:]

STATEMENT OF

RONALD J. IVERSON
EXECUTIVE DIRECTOR
VERMONT STUDENT ASSISTANCE CORPORATION

BEFORE THE

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

ON
GUARANTEED LOAN DEFAULTS

DECEMBER 17, 1987

Mr. Chairman and members of the Subcommittee, I am Ronald Iverson, and I wish to thank you for the opportunity to appear before you today to discuss the important issue of loan defaults and to propose a renewal of a state/federal partnership which will contribute significantly to alleviating the default problem.

While the Vermont agency has one of the lowest default rates in the country, (98% of our repayment obligations are being met), we share Senator Stafford's concern that the Guaranteed Student Loan Program may not survive with a possible $2 billion annual default cost staring us in the face. Without student loan funds, hundreds of thousands of students will have to forego their educational dreams and both they and society will be the poorer for it. Therefore, we the guarantee agencies, as well as lenders, schools, the Department of Education and Congress must set aside our special interests and structure a program that will continue to be viable in the future.

The Guaranteed Student Loan Program was conceived as a partnership between the federal government and the states. Only by fulfilling the obligations which a partnership encompasses, will the program, in my opinion, survive.

Under such a partnership, guarantee agencies must be willing to share in default costs. The Senate, in its reauthorization proposal, recommended that guarantee agencies share a part of the reinsurance risk. In view of the current pressure on the program, it may be that guarantors will have to become equal partners with the federal government and be responsible for one-half of all default payments. Under such a 50/50 shared risk program other factors must also be changed to make the partnership viable:

1. All agencies should be allowed a fair and reasonable level of reserves to meet their new obligations.
2. Under shared risk, agencies should retain all collections on defaulted loans since they will need additional revenues to pay for defaults.
3. The annual federal reinsurance fee levied on states should be eliminated since the agencies would bear one-half of the default burden.
4. Under this partnership the federal government should eliminate the 5.5% student loan origination fee, and legislate that all guarantee agencies charge a fixed administrative fee to students of 3% in order to assure sound program administration and collection practices.
5. Congress must put into law a default formula and other specifications for data reporting that can be used to evaluate the effectiveness and responsiveness of all those involved in the program. I would suggest you ask NCHELP (National Council of Higher Education Loan Programs) to prepare such indicators for your consideration.
6. The Department of Education must abandon its practice of micromanagement and return to being an overseer of the program which would help rather than hinder the effective delivery and collection of student loan dollars.
7. It is time for schools which flagrantly abuse the program to be disqualified from the program; however, I do not support terminating schools from the program on the basis of default rates alone. Such a move would curtail access and hurt the poor and minorities disproportionately.
8. Congress must take steps to stop the activities of National Guarantors that aggressively market student loans through an array of marketing and advertising techniques usually found in retail sales.

Such practices only create confusion for students and families, and lead to unneeded borrowing, double borrowing, and provide an increased potention for fraud and abuse in the GSL program.

By moving to a Federal-State GSL Partnership of shared risk as outlined here, agencies will have the incentives to provide better program management and services which will further result in better repayment by students.

Colleagues say to me that the reason Vermont's program has been so successful is that Vermont does not have the problems they have - that's nonsense. We have poverty. The U.S. Census data revealed that 32% of Vermont households have incomes less than $10,000. We have broken homes, high school dropouts, and a high percentage of first generation college students. It is good management and support services, before and at the time of borrowing and throughout the life of a student's loan, that have been responsible for our excellent 98% repayment rate, and this is in a state that has had 100% loan access for two decades.

I know in Vermont there is no substitute that even comes close to replacing the GSL program which annually provides over $50 million to Vermonters and students studying in Vermont. Certainly, tuition prepayment plans and income contingent loans are not adequate substitutes, nor are they a solution to the problem.

The shared risk partnership concept will generate substantial long-term savings for the federal government, and the overall benefits are so great that Congress should seriously consider such an option before recalling reserves which states will need in a shared risk program.

Mr. Chairman, thank you for the opportunity to present my thoughts, and I would be happy to provide you with additional information you may wish.

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January 20, 1988

The Honorable Clairborne Pell, Chairman
Subcommittee on Education, Arts, & Humanities
SD-648 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

Thank you for the opportunity to testify before your Committee. I found the exchange of views regarding the default issue both interesting and provacative, and am pleased to enclose my answers to Senator Hatch's questions which are, likewise, very interesting.

Please do not hesitate to contact me if you have additional questions.

Sincerely,

Ronald J. Iverson

Enclosures

RJI/bp

RESPONSE TO SENATOR HATCH'S QUESTIONS

BY RON IVERSON
VERMONT STUDENT ASSISTANCE CORPORATION

Question 1: What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

Answer: 1a. The single most important purpose of federal student financial assistance programs is to provide equal educational opportunity to all Americans.

1b. The current cost of defaults in the GSL program should in no way alter this purpose.

Question 2: What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both? __________?

Answer: 2. "Wanting to deal with the default problem" presupposes that there is a problem. It might be preferable that Congress examine what the actual problem is, i.e. Is the default rate really too high? (To ascertain this a new and uniform definition of the default rate would have to be established). Or, is the cost of defaults too high? If yes to the latter, Congress needs to ascertain whether the program would be more feasible if more entities, e.g. the states, shared in the cost of defaults.

Question 3: What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

Answer: 3. In Vermont the default rate has decreased over the past 5 years. Currently over 98% of GSL repayment obligations are being met. (See Attachment 1.)

Question 4: Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student borrower who defaults on a GSL?

- It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

Answer: 4. In our experience the "typical" defaulters are borrowers who did not receive value for the financial investment they made. Such borrowers include first or second semester dropouts (regardless of type of institution attended) or borrowers who experience long-term unemployment not covered in a deferment. Such unemployment can be caused by general economic conditions or by inadequacy of preparation for the job market.

Since a student freely chooses to participate in postsecondary education we do not support proposals for taking the loan burden off potential defaulters and substituting grants. This does not address the underlying issue of the adequacy of academic preparation, the adequacy of programs offered by educational institutions or the adequacy of the student's own motivation and commitment.

Question 5: Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

Answer: 5. We have found no such correlation.

Question 6: Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly any concerning the appropriate student aid package at that type of school?

Answer: 6. We have found no such correlation - however, a hypothesis may be made that institutions which serve a high proportion of the economically disadvantaged tend to experience more defaults.

Question 7: A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

Answer: 7. The current Income-Contingent Loan Program would probably significantly increase the potential for defaulting, thus increasing both costs and rates. The attached monograph issued by the Heritage Foundation illustrates the problems inherent in Income Contingent Loans. (Attachment 2)

Question 8: Of the total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access" to education. It would be shortsighted if, in dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

Q CONT.: ° Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? other so-called "risk-sharing" proposals? requirement of a uniform guaranty fee? various increased due diligence proposals?

° Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in financial cost to the student?

Answer: 8a. Serious consideration should be given to reduction of insurance to lenders. Guarantee agencies should share 50% of the costs of defaults as outlined in my testimony. The Origination Fee, if retained, should be used to offset defaults.

The guarantee fee should be uniform across the country. Serious attention should be given to improved due diligence bearing in mind that some proposals may not produce results and a degree of flexibility is always necessary.

8b. Careful consideration needs to be given to the interaction and interdependency of the various participants in the GSL. Ideally "risk sharing" should lower the cost to students while still maintaining a level of student responsibility in the shared risk program.

Question 9: The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in the Higher Education Amendments of 1986. Various institutional organizations or groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

° What is the legitimate extent of institutional responsibility?

° Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on educating students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

Answer: 9. The legitimate extent of institutional responsibility includes:

1. Offering acceptable programs and recruiting students who have the ability to persist until the program is successfully completed.

2. Administering the GSL program in a responsible fashion and not using loans as enticements.

If those two criteria are fulfilled institutions have very little further responsibility in loan defaults.

Holding institutions responsible for defaults to a larger extent would diminish the overall goal of the financial aid programs: providing equal educational access to all students.

Question 10: What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

Answer: 10. It is too early to evaluate the full impact of the 86-87 amendments. However, had these provisions been in effect at an earlier time there would probably have been some reduction in the default rate.

Question 11: Given the difference between GSLs (e.g., no credit check, no collateral requirement) and standard commercial loans, what is a realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

- Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?

- What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?

- Would the taxpayers' dollars now being spend for default costs be better spent on grant programs? On work-study programs?

Answer: 11a. Depending on national economic conditions a realistic minimum default rate expectation would be from 5% to 8%. Vermont's rate is lower than that even though we have a high risk low-income population. We attribute this fact to our long-standing commitment to default prevention. Congress should investigate carefully the default experience of

A CONT.: agencies (particularly national guarantors) with rates higher than 8% to ascertain whether high rates are attributable to poor program management. For example, the recovery rate of HEAF is reported by the department to be only 1.5% in FY86 in comparison to a national average of 20%. Since recoveries are an integral component in lowering the default rate Congress should examine agencies with low recovery rates for potential lack of due diligence in collecting defaulted loans.

11b. The GSL program should be continued due to its tremendous importance in preserving access to a postsecondary education.

11c. In our experience it is possible to maintain a low default rate while serving a high risk population. If all partners in the program are held accountable for proper management, there should be no implications in terms of student access. Obviously with a lower default rate, the cost of the program would plummet.

11d. The GSL program is needed to leverage scarce federal dollars. The cost-benefit of turning loans into grants is negative.

Question 12: Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

Answer: 12a. Yes, a uniform definition of a default rate is needed. It should be applicable to lenders, schools and guarantors. It should be an annual rate. We propose

$$\frac{\text{annual claims paid less annual recoveries}}{\text{cumulative matured paper}}$$

The strengths of this definition are:

1. Uniformity (can be applied to all sectors)
2. Easy to understand
3. Accurate basis for comparison from year to year
4. It is based on dollars not students
5. Compatible with method used in commercial lending

12b. Since this is a dollar-based rate no minimum sample should be necessary.

Question 13: What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

Q CONT.: ° Can current law requirements be increased? If so, how? How costly are any of the current requirements or any proposed new measures? Are they cost-effective?

° Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating defaults?

° Is there a point at which due diligence becomes so onerous and costly for a lender or a guaranty agency that either or both would limit student access or leave the program altogether?

° In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

Answer: 13a. Lenders should use the same due diligence in preventing defaults that are used for other consumer loans.

13b. Guarantee agencies should be limited in write-off ability. The statute of limitation should be eliminated to allow for collection efforts in perpetuity. Guarantee agencies should use all tools available in the prevention of defaults as well as in the collections area. (See Attachment 3 for outline of Vermont's default prevention efforts.)

13c. The Department of Education has been a notoriously poor performer in the collection of defaulted loans as illustrated by the FISL program. If past experience is an indicator, subrogation (the moving of default collections from agencies to the department) would lead to a tremendous increase in defaults.

The department should therefore function in the capacity of management oversight only.

13d. It would be prudent to legislate the due diligence requirements. The Department's regulations in this area serve to curtail access due to inflexibility. The two main issues to bear in mind are:

1. Due diligence should be comparable for all types of consumer loans, including student loans.
2. The Department's inflexibility and overzealous regulation should be curtailed.

Some of the proposed new initiatives in pending Senate legislation would be far from cost-effective and contribute very little to default prevention. We will comment on this legislation under separate cover.

13e. Our recovery rate for FY86 was 24.3% which is well above the national average. Our litigation efforts have generally been successful.

13f. Yes, the current situation of overregulation and inflexibility of the Department's regulations coupled with lower returns on loans and constant legislative changes may force lenders to leave the program.

13g. We do not have the data to ascertain the answer to this question. The Department or the Inspector General should provide this information.

Question 14: Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to serve access to educational opportunity.

- Which do you believe is the more accurate view of these provisions or proposals?
- If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

Answer: 14. We are strong proponents of risk sharing and believe that with the legislated requirement for states to provide lenders of last resort, access will not be curtailed. Thus risk sharing is an incentive to improve the program.

Question 15: The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

Answer: 15. Again we do not have the data to provide the answer to this question. As a general rule any short-term investment made by the government to increase employability will lead to long-term savings in other support areas (unemployment benefits and welfare benefits).

Question 16: The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

Answer: 16. We have addressed this question previously and feel strongly that the Department's track record, based on FISL, in collecting defaulted loans is extremely negative. We would also like to point out that a decentralized approach to collection, as we have in GSL currently, has, with the exception of some national guarantors, proved to be quite successful.

Question 17: One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

Answer: 17. Withholding of transcripts has limited utility since the majority of defaulters have no useful transcripts to withhold. In some cases there may be benefits, e.g. if a student defaults for reasons other than economic. However, in general, withholding of transcripts may defeat its own purpose and students will be less likely to repay since they will not be able to obtain a job.

Question 18: If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures of standards according to the type of institution--by lenders? by guaranty agencies? by ED?

- What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?
- Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?
- What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

Answer: 18a. Schools that abuse the program should be eliminated from the program. Our experience shows that, in general, it is the socio-economic background of the student rather than type of institution which predisposes towards defaults.

18b. No. This type of differentiation would be impossible to administer and might raise serious discrimination and access problems.

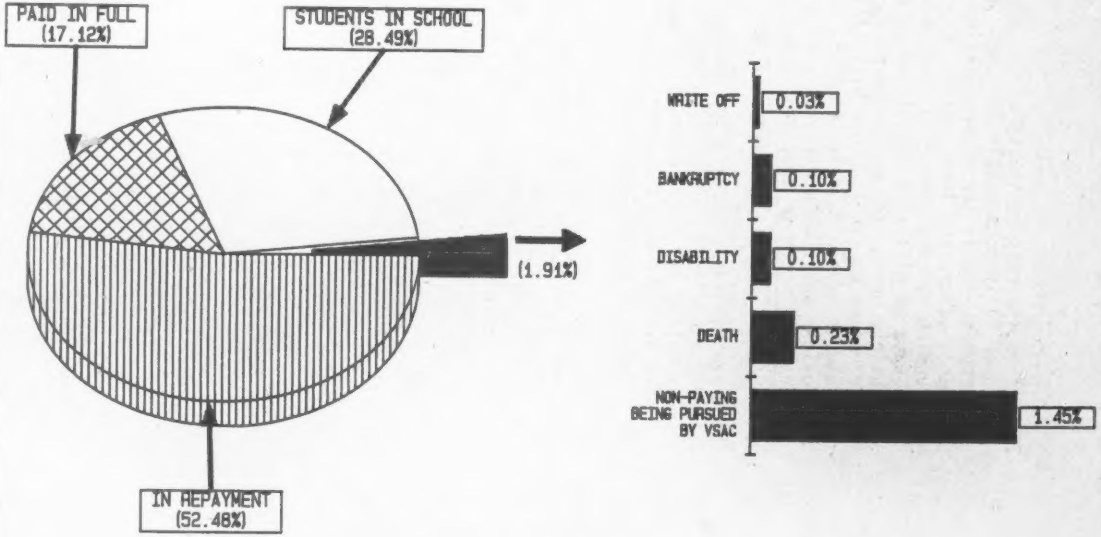
18c. It is the responsibility of the higher education community to be fully accountable for the administration of the loan program. It is the responsibility of the federal government, states and institutions to provide enough grant funding to keep borrowing at a manageable level. There will always be different default rates at postsecondary institutions due to the differing backgrounds of their students. For example, singling out historically black colleges, which tend to have high default rates, and censuring such institutions would be a disservice to the society at large. Congress needs to look at the success rate rather than the failure rate of the loan program.

Question 19: There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extent are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency of agency reserves?

Answer: 19. In order for agencies to meet the demands of shared risk they will need fiscal resources. Consequently, the GAO standards are insufficient in a shared risk environment. On a fifty/fifty shared risk basis agencies will need a minimum reserve of 2% of outstanding loans to cover potential and current liabilities.

ATTACHMENT 1

Vermont Student Assistance Corporation
Cumulative Loan Portfolio
Loans Guaranteed $223 Million
1965 - 1987



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September 24, 198

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ATTACHMENT 2

PROBLEMS WITH THE NEW STUDENT LOAN PILOT PROGRAM

INTRODUCTION

The cost of college education in the United States has been skyrocketing. Secretary of Education William Bennett and others blame the student loan system, which encourages colleges to increase fees. This system, explains Bennett, has many failings besides the burden it places on taxpayers and the effect it has on fees. One is that it spreads subsidies thinly and widely, subsidizing students from relatively affluent families, thus leaving insufficient support available to poorer students. Another problem is that the repayment schedule for existing loan programs can be very onerous for graduates who enter low-paid professions.

In an effort to reform the student loan system, the Reagan Administration last year proposed a program to test a new form of student loan. Passed by Congress, the measure permits the U.S. Department of Education to conduct a five-year Income-Contingent Loan (ICL) pilot program. The Administration hopes that the success of this pilot program will strengthen its argument that the entire student loan system should be remodeled along similar lines.

Taxpayer Gains. Bennett praises the ICL pilot program as "the first major advance in federal student aid in the last two decades." For Bennett, a key advantage to ICL is that it gives students "potential access to large amounts of capital under manageable repayment terms geared to post-graduate earnings." Taxpayers also gain, says Bennett, because "the un-subsidized ICL promises to restore financial integrity to federal student aid programs, whose costs have soared out of control in recent years."

In the pilot program, the Department of Education will grant an average of $500,000 per year to ten participating colleges for revolving funds to finance loans. The $5 million program will begin in the 1987-1988 academic year. The stated objectives of the ICL program, says Bennett, are to:

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

1) **make the student's loan repayment burden manageable** by allowing him or her as much time as needed to accommodate individual post-school income patterns;

2) **maintain federal support for campus-based** direct student loan programs, thereby allowing institutional flexibility in packaging individual student aid awards;

3) **enhance institutional choice** by authorizing substantially higher loan amounts than permitted under current law; and

4) **put no long-term burden on the federal budget** by requiring borrowers to make full repayment at 3 percent above Treasury borrowing costs.

As the name "income contingent" suggests, the program will permit payments that are related to a graduate's income. Under the pilot ICL program, the student will be able to borrow a total of $17,500. The interest rate on the loan will be adjusted annually at a rate three points above the 90-day Treasury Bill rate. Students will pay nothing while they attend college, although interest will begin to accrue as soon as the student takes out the loan. When the student leaves school, he must begin repaying the loan plus accrued interest, after a two-year period in which a monthly payment of only $50 will be required. The result: the loans will be somewhat more expensive to students--but less so to the taxpayer--compared with other loan programs.

Attractive to Students. Despite the higher cost, the Administration believes that the new form of loan will still be attractive to students. The main attraction is that repayments will be extended in a way to ensure that they will take no more than 15 percent of the borrowers' after-college income. Currently, payments are a fixed sum for a fixed period (10 years) under the Guaranteed Student Loan (GSL) and National Direct Student Loan (NDSL) programs.

In theory, the pilot program is admirable. It will reduce the interest rate subsidy to students, for whom a college degree is an investment leading to higher average incomes. It also will limit monthly payments for those students who choose less lucrative careers. This will be fairer to taxpayers without a college education, who currently must pay taxes so that students can obtain higher incomes.

As promising as the ICL appears, there is only a slim chance that the ICL pilot program will be a fair test of how a full-scale ICL program would work. Under the pilot program, as now designed, it is unlikely that ICL loans will prove attractive to many students.

Illogical Choice. In fact, the ICL program likely will lead to a much higher default rate than the Department of Education projects, despite the repayment flexibility available under ICL. Moreover, the reduction in subsidies will lead to significantly higher payments for most students choosing ICL, when compared with payments under other loan programs--even with the improved payment flexibility of ICL. Thus it would be illogical for most students to take part in the pilot program. As such, the program will not test ICL across a typical cross section of American students. Hence the results of the pilot program will provide little or no useful information on how a comprehensive ICL program would work.

The ICL pilot experience probably will play into the hands of ICL opponents. The reason for this is that as long as the ICL pilot program is voluntary and other highly subsidized loan programs exist alongside it, there is no reason to suppose that there will be significant demand for it.

Bennett believes that decreasing student subsidies will give students an incentive to re-evaluate the financial return to higher education, and that this in turn will put pressure on colleges to reduce costs to attract students. But this cannot happen through a small voluntary pilot program, leaving other subsidies intact. It is only likely to come about if the government withdraws completely from the loan business and eliminates subsidies to all but a small minority of needy students. The Department should be focusing on this political task, not on an experiment that cannot work.

WILL THE ICL PROGRAM MEET ITS GOALS?

A major difficulty with investments in such "human capital" as skills and education is that they cannot be capitalized to serve as a source of collateral, unlike investments in buildings and machinery. This creates considerable risk for any institution lending money to individuals based on their human capital and expected earnings. The result, understandably, is that banks are much less inclined to lend to students than, say, to businessmen.

The ICL program tries to reduce the default risk by linking the repayment schedule to after-college income. Loan payments under ICL would be contingent on the level of a student's future income, but with monthly payments no more than a maximum of 15 percent of his or her adjusted gross income. Presumably, this means that if post-schooling income is zero, then payments also are to be zero. Interest on the loan, however, will continue to accrue and be converted to principal. Subject to the 15 percent maximum, ICL payments are, on the other hand, to be adjusted for changes in interest rates to make students bear the risk of future financial market conditions. Under programs with fixed interest rates, it is taxpayers who bear the risk of future market fluctuations.[1]

Shifting the Risks. Most individuals are risk averse, as demonstrated by the willingness of most home buyers to pay a premium (higher interest rate) to avoid the uncertainty in payments under variable rate mortgages. Thus, since the ICL program not only decreases the interest subsidies to students, but also shifts the risk of changes in future interest rates from taxpayers to students, students will be less inclined to borrow.[2]

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1. The Higher Education Amendments of 1986 phase in variable interest rates for existing loan programs.

2. Besides the risk allocation aspect of a variable interest rate, which is distributional, there is also an allocative or efficiency argument for variable rates. From an efficiency standpoint, loanable funds should be allocated to investments with the highest rate of return. For example, if students had been charged the T-bill rate plus 3 percent in the early 1980s (see Table 1), it is likely that some students would have reevaluated the returns from college.

Because of the limited market for unsecured investment loans in human capital, it is difficult to determine what would be an unsubsidized market interest rate for student loans. A cautious estimate might be the interest charge on unsecured credit cards or personal notes. An additional complication is that students are not required to start payments until they finish school, which can be five years or more after they take the loan. The potential repayment period, moreover, can stretch indefinitely into the future. This potential for prolonged repayment periods represents a radical departure from current loan programs, which limit the repayment period to ten years. Thus the distinction between short-term and long-term interest rates is much more important under the ICL program than under the current loan system.

The loan payments will be based on the 90-day T-bill rate plus 3 percent. To review the implication of choosing this rate, in contrast to rates for longer term borrowing, Table 1 compares the 90-day T-bill rate with the 10-year Treasury security rate during the past 10 years.

TABLE 1

HISTORICAL INTEREST RATES

Year	Consumer Price Index Increase	90-Day T-bill interest rate	10-Year Treasury interest rate
1976	05.80 percent	04.99 percent	07.61 percent
1977	06.50 percent	05.27 percent	07.42 percent
1978	07.70 percent	07.22 percent	08.41 percent
1979	11.30 percent	10.04 percent	09.44 percent
1980	13.50 percent	11.51 percent	11.46 percent
1981	10.40 percent	14.03 percent	13.91 percent
1982	06.10 percent	10.69 percent	13.00 percent
1983	03.20 percent	08.63 percent	11.10 percent
1984	04.00 percent	09.53 percent	10.75 percent
1985	03.10 percent	07.24 percent	10.64 percent
Ave.	07.16 percent	08.91 percent	10.37 percent

Except for years of high inflation, the T-bill rate was significantly below the 10-year rate. The average difference over the 10-year period was 1.5 percentage points. Thus, if the ICL program is intended to eliminate the interest subsidy, then a longer term rate should be used as the basis for setting the interest to be paid by the student. This longer term rate more closely corresponds to the period for which the federal government is obligated than does the T-bill rate. Moreover, there is an advantage in using the longer term rate, since it tells students what the market anticipates the future interest rates will be. Hence they can make a more informed choice about borrowing funds.

Hiding the Default Risk. The most serious problem with calling the ICL program an unsubsidized program, however, is the hidden risk of default. About 10 percent of all the dollars loaned out under the Guaranteed Student Loan (GSL) program go into default. Even when loans to defaulting students are referred to debt collection agencies, there is a final loss rate of approximately 4 percent. Under the National Direct Student Loan (NDSL) program, the default rate is 15 to 16 percent of all money borrowed. The loss rate after the collection process decreases by less than 1 percentage point because of poor collection efforts by institutions.[3]

Significantly, the authority for the regulations to be issued for the ICL program comes from the NDSL program. It is difficult to determine an annual risk premium based on default rates that are based on total money borrowed. But the experience of the NDSL program suggests strongly that unless the ICL program results in a significant reduction in the loan default rate, the 3 percent interest rate add-on will not be sufficient to cover both the default rate and administrative costs. If this is the case, then contrary to claims by the Department of Education, the program will involve a subsidy to students.

WILL THE ICL PROGRAM DECREASE OR INCREASE THE DEFAULT RATE?

The crux of the subsidy issue in the ICL program is the likely effect on the default rate. On the plus side, the ICL program, compared with other federal loan programs, is advantageous to taxpayers in that it decreases the annual interest subsidy to students while in school, eliminates the risk of future market fluctuations, and reduces the total taxpayer subsidy to students. On the negative side, taxpayers face costs and risks because the repayment period under the ICL program is substantially longer. The interest subsidy each year is lower than for other loan programs, but this is offset by the longer period of subsidy, the larger loan amount available per student, and a possible higher default rate of ICLs relative to other loan programs.

To the degree that taxpayers benefit in the ICL program, relative to other subsidized loan programs, there are additional costs to students. But the student does enjoy some benefits. The student can borrow larger amounts than under other loan programs, has a wider range of choice among lending institutions, and has a more flexible repayment schedule conditioned on the level of future income.

The Advantage of Repayment Flexibility. Compared with other loan programs the larger ICL amount is insignificant, especially when the reduced subsidy is factored into the calculation.[4] Thus, if there is a student advantage, it lies with the flexible repayment terms. Indeed, Bennett has emphasized the ICL repayment flexibility as the principal student benefit. He claims too that repayment flexibility will also benefit taxpayers by reducing the default rate.[5] But the default rate is likely to increase when the subsidies are reduced and individual loan payments are increased or extended over time.

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[3] These figures are approximate and based on conversations with the U.S. Department of Education.

[4] Changes in the Higher Education Amendments of 1986 also increased per student loan amounts under other programs. For example, a student can borrow $17,250 under a GSL--only $250 less than a ICL ($17,500).

How will a student fare under the program? Table I in Appendix A indicates the repayment schedule under the terms of the ICL program. The calculations show that at an interest rate of 15 percent on the loan (12 percent T-Bill plus 3 percent) the student would need an after-school income of $40,083 just to make the interest payments on the maximum loan and yet keep these payments below 15 percent of his income. An income below this figure means that the maximum permissible repayments under the ICL program would fall below the interest charged on the loan and so the student's debt would grow. Moreover, the figures indicate that the longer repayment period does little to lower monthly payments. The annual income needed to pay off the loan over 30 years would still be $40,560, compared with $42,240 if the debt were to be cleared in 20 years.

The average gross income of males in the U.S., age 25 to 29 with 4 years of college, was $18,118 in 1981. Adjusting for inflation, the figure for 1986 was $21,907. Assuming a 5 percent rate of inflation, the average after-school income for graduates by 1993 will be $30,825. Thus under the ICL program, unless interest rates fall to unusually low levels a student would need to earn significantly above the average graduate salary to be able to make payments, subject to the 15 percent of income maximum rule, without falling deeper and deeper into debt.

Different Story. The average T-bill rate in the last 10 years was 8.91 percent (Table 1). If this average is assumed for the next several years then the average interest rate on ICLs would be about 12 percent (T-bill plus 3 percent). Those students who will earn at least $30,825 in 1993 (the average inflation-adjusted income based on the 1981 average income) would be able to pay off the principal in 20 years (see Table I, Appendix A). Thus, for an average or better student income, and assuming interest rates in the future no higher than the last decade, the ICL program would be manageable. But for students earning below the average income, the story is different.

A student's income does not have to fall much below the average at a 12 percent interest rate before payments are insufficient to cover even interest, let alone any principal. And if the prevailing interest rate were to be just 1 or 2 percentage points above the average rate in recent years, then the payments of many students would be insufficient to cover interest only.

If the principal owed increased, or the repayment period had to be extended, there would be a greater probability that the student would default or declare bankruptcy.[6] Moreover, if payments prove to be insufficient to cover the interest costs of the ICL program, it will not sustain revolving loan funds.

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[5] Address by William J. Bennett, United States Secretary of Education, "The Future of Federal Student Financial Aid," sponsored by the Institute for Educational Affairs, Catholic University, Washington, D.C., November 19, 1986, pp. 7-11.

Interest rates, of course, could remain at low levels, and the future incomes of college graduates could increase at a much higher rate than inflation. Yet even under these highly favorable conditions the ICL program would not be attractive to students. An implicit assumption of the ICL program is that its terms are more favorable to students than other loan programs. Two implications follow if this assumption is not correct. First, there may not be any student demand for an ICL if other loan programs are available. And second, if ICL repayment terms are more onerous relative to other loan programs, then the ICL default rate will be higher than existing loan programs. So the comparative terms of ICL and other student loan programs will have a significant impact on student attitudes to the new program.

HOW DOES ICL COMPARE WITH GSL?

The Higher Education Amendments of 1986 permit a student to borrow up to $17,250 under the Guaranteed Student Loan program--only $250 less than the ICL program. Table II in Appendix B compares the payments faced by students under the two programs. The calculations show that only low-income graduates could expect lower monthly payments under ICL, with its higher interest rates but extended repayment period, than under the 10-year payoff required under the GSL program. The claimed benefits of flexibility and extended payment schedule, in fact, do nothing to make an ICL loan more attractive to the average student. Under all reasonable assumptions the graduate will end up paying more each month under the ICL program than under GSL, and for as many as 20 years longer.

Thus as long as other loan programs are available, it is unlikely there will be any significant demand for ICL. Those students with high expected future incomes certainly would not choose an ICL because their payments could be higher and the repayment period shorter compared with a GSL. Indeed, if there is any demand at all for ICL, it is likely to come from students with very low expected future incomes. This will result in adverse selection, such that payments to the program might not even cover interest costs, making it impossible to sustain a revolving fund.

Table II in Appendix B also suggests that the ICL default rate is likely to be higher than that of other loan programs since default rates can be assumed to be positively related to the amount and duration of monthly payments.

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[6] There are costs associated with bankruptcy such as the loss of any credit for an extended period of time. It is possible that a payment of 15 percent of a student's post-schooling income is less costly than declaring bankruptcy even though there is no expectation of ever paying off the principal of an ICL.

CONCLUSION

The objectives of the ICL program are laudable. But the analysis points to the futility of offering students one financial aid program when other more heavily subsidized programs are available. If students can be persuaded to take part in the ICL program then there might be a tiny reduction in the federal deficit. But any taxpayer savings from the ICL program are contingent upon student default rates. Under almost any set of assumptions, the ICL default rate would likely be higher than other federal loan programs.

Bennett believes that decreasing or eliminating loan subsidies will provide students with the incentive to reevaluate the return to higher education, which in turn will put pressure on higher education institutions to decrease costs. But this effect is likely to come about only if the government gets out of the loan business or truly eliminates subsidies in all loan programs.

As long as Guaranteed Student Loans and other highly subsidized loan programs are available, the ICL pilot program will provide little or no useful information regarding the impact on default rates or the deficit of changing the entire federal loan program to a version of ICL. In fact, the five-year pilot program will reveal very little, except perhaps that the students who enroll in it know little about financial principles.

Prepared for The Heritage Foundation by
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APPENDIX A

Repayments Under the ICL Program

Table I indicates the financial situation a student could face under the ICL. The table shows the principal balance owed at the end of 7 years and the required post-schooling income needed to make payments. Column 1 provides a range of possible interest rates charged on the loans. Column 2 shows the principal balance owed at the end of 7 years for each interest rate, assuming the student borrows $2,500 for the first and second year, $3,500 the third year, and $4,500 in the fourth and fifth years for a total amount borrowed of $17,500. These are the permissible maximum amounts under the ICL program.

For example, at an interest rate of 9 percent (that is, a T-bill rate of 6 percent plus 3 percentage points) the student will have a principal balance obligation of $24,030 at the end of five years of study. The difference between the $24,030 principal balance and the $17,500 amount that the student actually borrowed is the accrued interest.[7] That is, the $6,530 difference is a measure of the additional taxpayer subsidy that is paid under other loan programs such as NDSL or GSL, where no interest is charged until repayments begin. Column 2 is the principal balance remaining at the end of 7 years with an assumption that the student pays the maximum $50 per month payment for two years upon completion of his five years of study, as specified under the ICL program.[8]

Column 3 is the monthly payment necessary to pay the interest only, without retiring any of the principal, and column 4 represents the adjusted gross income required by the student simply to pay the interest.[9] Thus if the interest rate were 15 percent, the principal balance owed at the end of 7 years would be $40,083 the accrued interest over the 7-year period of $22,583 ($40,083-$17,500), and the

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[7] Interest was calculated by taking the compound interest on the $22,500 borrowed in the first year for five years, the compound interest on $2,500 borrowed in the second year for four years, and so on for subsequent amounts borrowed in the third, fourth, and fifth years to arrive at the total compounded interest for the five-year period.

[8] Secretary Bennett has stated that "Payments would begin nine months after graduation. For the first two years they would be a fixed rate between $20 and $50, depending on the size of the loan. At the end of this two-year period, the payments would become contingent on the borrower's Adjusted Gross Income for the prior year. There would be no minimum payment, and year payments would never exceed 15 percent of the beneficiary's income. Special deferments would still be available." (Address by Secretary Bennett, November 19, 1986 p. 11.) Thus, the principal balances calculated in column 2 are an underestimate if the student is given a grace period of nine months after graduation in which no payments are required, although interest would continue to accrue. Column 2 ignores the nine-month grace period and assumes the student makes $50 per month payments at the end of 5 years and not 5 years and 9 months. Note that the $50 per month payment is insufficient to cover interest on the principal balance owed at the end of 5 years regardless of what interest rate is assumed in Table 2.

[9] Adjusted Gross Income under the 1986 Tax Reform Act is likely to be similar except for adjustments such a alimony paid or IRA or Keogh deductions. The required income figure in column 4 is calculated by taking the interest-only monthly payment in column 3 and multiplying it by 12 months to obtain an annual payment, then dividing the annual payment by 15 percent (maximum percent of income required for payment.

TABLE I

7-YEAR PRINCIPAL BALANCE UNDER ICL: INCOMES AND PAYOFF PERIODS

(Assuming maximum loan of $17,500)

(1) Percentage Interest Rate	(2) Principal Balance End of 7-Years	(3) Monthly Interest Payment Only	(4) No Payoff Required Income	(5) 20-Yr. Payoff Required Income	(6) 30-Yr. Payoff Required Income
08.0	$27,722	$185	$14,785	$18,560	$16,240
09.0	$29,211	$219	$17,527	$21,040	$18,800
10.0	$30,785	$257	$20,523	$23,760	$21,600
11.0	$32,446	$297	$23,794	$26,800	$24,720
12.0	$34,201	$342	$27,361	$30,160	$28,160
13.0	$36,055	$391	$31,248	$33,760	$31,920
14.0	$38,014	$443	$35,480	$37,840	$36,000
15.0	$40,083	$501	$40,083	$42,240	$40,560
16.0	$42,271	$564	$45,089	$47,040	$45,440
17.0	$44,582	$632	$50,527	$52,320	$50,880

interest-only monthly payments would be $501. The required post-schooling income to make the interest payments would be $40,083. Note the sensitivity of principal owed at the end of 7 years (column 2) to the interest rate (column 1). A one percentage point change in the interest charged can change the principal owed by more than $2,000.

Column 5 calculates the income necessary for the student to pay off the loan in 20 years. For example, if the interest rate were 9 percent, then a monthly payment of $263 would be required to cover interest payments and to pay off the principal balance of $29,211 in 20 years. The required income would have to be $21,040.[10] At an interest-rate of 15 percent, the required income for a payoff in 20 years is $42,240. Column 6 is calculated in the same manner as columns 4 and 5, except that a 30-year payoff is assumed.

It should be noted that the required incomes in columns 4, 5 and 6 do not differ considerably when the payoff period is extended from 20 years to 30 years, or to an indefinite period for that matter. This is especially true at high interest rates. For example, at an interest rate of 15 percent, the required income for interest payments only is $40,083, while a 20-year payoff requires an income of $42,240 and a 30-year payoff an income of $40,560. Thus the flexibility of extended payments has perhaps been overestimated by the Department. As columns 5 and 6 in Table II illustrate a 50 percent increase in the allowable payoff period makes very little difference in payments and the required incomes to support these payments.

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[10] ($263 X 12) divided by 15 percent.

Thus Table I indicates that the ICL program would require students to earn fairly high post-schooling incomes in order to pay the interest, without even reducing the ICL principal. If the required income is not earned, then the unpaid interest will be added to the principal, making the principal owed by the student grow even larger. The average gross income of males in the U.S., age 25 to 29 with 4 years of college, was $18,118 in 1981.[11] If this figure is adjusted for inflation, then the average gross income for 1986 would be $21,907.[12] If the inflation rate is assumed to be 5 percent per year for the 1987-1993 period, then the average inflation-adjusted income for such students could be assumed to be $30,825 in 1993. Table II (column 4) indicates that the required post-schooling income merely to pay interest at the end of 7 years and a 13 percent interest rate is $31,248. Thus if the ICL interest rate were to be 13 percent or more, or a student's actual income in 1993 turned out to be less than the 1993 inflation-adjusted average income of $30,825, the ICL principal would increase indefinitely as long as the student's post-schooling income continued to be insufficient to support interest-only payments.

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[11] *Money Income of Households, Families, and Persons in the United States, 1981*, Bureau of Labor Statistics, 1985, Table 48, p. 164.

[12] The 1981 mean gross income for the expanded age groups of 25-34 males was $20,468. If the same inflation adjustments are made, then the 1993 mean gross income would be $34,825. As Table II illustrates, at high interest rates, the required income may exceed $34,825.

APPENDIX B

Payments Under ICL and GSL

Table II compares the Income-Contingent Loan (ICL) program with the Guaranteed Student Loan (GSL) program, assuming that the amount borrowed is $17,500 under each program and that the GSL qualifies for federal interest subsidies. The first column in Table II is the assumed interest rate. Column 2 is the monthly payment on a GSL of $17,500 over a 10-year pay-off period (the maximum repayment period for a GSL is 10 years). Because interest on a GSL is subsidized while the student is in school, the principal balance owed at the end of the fifth year is the same as the amount borrowed. Column 3 is the monthly payment on a ICL over the same 10-year period if the student were to start payments at the end of the fifth year. The higher monthly ICL payment in column 3, compared with the GSL payment in column 2, is due solely to the absence of interest subsidies while the student is in school. All other terms are identical.

TABLE II

A COMPARISON OF GSL AND ICL MONTHLY PAYMENTS

(1)	(2)	(3)	(4)	(5)	(6)
	Commencing payments after 5 Yrs.			Commencing payments after 7 Yrs.	
Interest Rates	10 Yrs payoff GSL Monthly Payment	10 Yrs ICL Monthly Payment	10 Yrs ICL Monthly Payment	20 Yrs payoff ICL Monthly Payment	30 Yrs payoff ICL Monthly Payment
8.0	$212	$284	$336	$232	$203
9.0	$222	$304	$370	$263	$235
10.0	$231	$325	$407	$297	$270
11.0	$241	$348	$447	$335	$309
12.0	$251	$371	$491	$377	$352
12.5	$256	$383	$514	$399	$375
13.0	$261	$396	$538	$422	$399
14.0	$272	$422	$590	$473	$450
15.0	$282	$450	$647	$528	$507
16.0	$293	$479	$708	$588	$568
17.0	$304	$510	$775	$654	$636

The Department of Education argues that the advantage of the ICL to students is that payments are contingent on future incomes, thereby making payments less onerous than the arbitrary 10-year payoff required under GSL. But this advantage exists only if incomes are low. For example, consider a 9.0 percent interest rate. The monthly payments under GSL are $222 over 10 years, whereas the monthly payments under an ICL are $304 over the same 10-year period. A student with a post-schooling income of $17,760 upon graduation thus could make payments of 15 percent of his income or $222 per month under GSL while payments of $304 per month would be required under an ICL. The savings to the student of a GSL over an ICL for the same payoff period are $9,840.[13]

Now consider the claim that the student benefits from the extended repayment period. Under the ICL program, column 4 assumes the student pays the maximum $50 per month after graduation for two years and then makes monthly payments based on the principal owed at the end of 7 years for a period of 10 years (that is, $50 per month for 2 years and then the monthly payment in column 4 for 10 years). Starting at an interest rate of 12.5 percent, the ICL payment proves to be more than double that of a GSL payment. Thus the benefit of paying $50 per month for the sixth and seventh year contributes to a doubling of the monthly payment for the remaining ten years. Even those students expected to earn a low income upon the completion of school may be at a disadvantage with a ICL. Suppose the interest rate was 9.0 percent, for instance, and the student made ICl payments of 15 percent of his income, or $370 (column 4) per month at the end of 7 years for a 10-year period. The required income would be $29,600.[1] But a student with GSL payments of 15 percent of his income, or $222 per month (column 2) for 10 years would only require an income of $17,760[15] or $11,840 less income. Thus, the ICL benefit of only having to pay $50 per month for two years comes at the expense of the ICL student having to earn considerably more than a GSL student for the same 10-year payoff period. The claimed flexibility of an ICL does not seem to benefit the student under these circumstances.

Now consider the more extended repayment periods under the last two columns, which list the ICL monthly payments on the principal balance owed at the end of 7 years with 20- and 30-year payoff respectively. For example, at a 9 percent interest rate, the monthly payment for a 20-year payoff is $263 and $235 for a 30-year period. Even with an extended payoff of 30 years, the students monthly ICL payments exceeds that of GSL payment ($222) with a 10-year payoff. So the ICL student would have to earn more than the GSL student with payments based on 15 percent of income, make higher payments, and make three times as many payments. Moreover, as Table II indicates, the required income and disparity between the ICL and GSL increases with an increase in the interest rate. Thus under almost any set of assumptions, a student who chooses an ICL over a GSL is going to be worse off.

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13. All the calculations in Table II in Appendix B ignore the 9-month grace period after graduation when payments are not required under either the GSL or ICL. This means that the principal balance owed under a ICL actually is underestimated because interest would accrue into principal during the grace period.

14. ($370 X 12) divided by 15 percent = $29,600.

15. ($222 X 12) divided by 15 percent = $17,760.

ATTACHMENT 3

VERMONT STUDENT ASSISTANCE CORPORATION
Summary of Default Prevention Initiatives

LEGISLATIVE INITIATIVE

Year	Initiative	Comments
1965	VSAC is created as a non-profit, public corporation by the Vermont legislature.	VSAC receives its charter by an act of the Vermont legislature.
1971	Vermont initiates wage garnishment laws.	VSAC begins to utilize the garnishment laws to collect defaulted loans.
1984	Small Claims Court claim limits increased from $500 to $2,000.	VSAC is instrumental in changing the Small Claims Court limits to more closely reflect actual student loan balances, thus cutting the cost of litigation in many cases.

MANAGEMENT INITIATIVE

Year	Initiative	Comments
1965	Lender due diligence mandated.	VSAC exceeds federal requirements by advising lenders of the necessary steps in collecting delinquent loans.
1965	Pre-claim assistance provided to lenders.	VSAC provides assistance to lenders in collecting delinquent loans prior to claim submission.
1965	Lender portfolio reviews.	VSAC provides on-site reviews for lenders in order to assist them in complying with standards and increasing their efficiency in servicing student loans. VSAC has always provided this service and we continue to work closely with our lenders to assure compliance and effective servicing.
1965	Past-due report for conversion and paid-in-full report sent to lenders.	Lenders are provided with reports which help them identify those borrowers needing follow up relative to their interim maturity date and anticipated paid-in-full date.
1965	Verification of permanent resident alien numbers.	VSAC verifies all alien loan numbers during the guarantee process to reduce fraud and abuse.
1965	Contact other guarantee agencies if loans with other agencies are listed on the loan application.	VSAC has always worked cooperatively with other guarantee agencies to verify information and prevent ineligible borrowers from receiving further funds.
1965	Request for payment from over-funded students.	VSAC follows up on each student who is inadvertently over-funded in order to quickly recover the ineligible portion of a loan, thus reducing defaults.
1965	Notification of deferment and forbearance end date to lenders.	As part of VSAC's on-going service to lenders, we inform lenders of deferment and forbearance end dates to assist them in borrower follow up.
1965	Cancellation of loans if loan period expires.	VSAC provides the assistance necessary to preclude the disbursement of funds once the loan period has expired, thus assuring that loan funds are not applied or used inappropriately.
1965	Reporting of all defaulted loans to credit bureau.	VSAC has always provided the credit bureau with information on defaulted borrowers. This has served to be a useful collection tool over the years.
1981	Participation in the Vermont State Tax Offset Program.	The State of Vermont begins to assist in the collection of defaulted loans by sending borrowers' tax refunds to VSAC. This program was developed and implemented through the joint cooperation of the State Tax Department and VSAC.
1981	Used Department of Motor Vehicles for skip-tracing.	VSAC continues to utilize state records to collect defaulted loans by accessing Department of Motor Vehicle information.
1981	Completion of student borrowing and debt burden studies.	VSAC undertakes and completes research which enables us to analyze student loan borrowing patterns and their impact on borrowers. As a result, we undertake the dissemination of further financial aid information and default prevention measures.

Management Initative (Continued)

Year	Initiative	Comments
1981	Completion of defaulted borrower study.	VSAC develops and implements further default prevention initiatives as a result of this study.
1985	Participation in the IRS Tax Offset Program.	The Department of Education and the Internal Revenue Service implement the Federal Tax Offset Program in order to collect defaulted loans.
1985	Use of IRS skip-tracing information.	VSAC participates in and utilizes information provided by the Internal Revenue Service for the purpose of locating defaulted borrowers.
1986	Monthly tape exchange with schools for student status update.	VSAC works with schools to update and verify student status information monthly.
1986	Compliance reviews expanded to include schools.	Schools are now included in our compliance review process in order to assist them in the efficient processing of student loans. The review process also provides an opportunity to suggest further default prevention measures.
1986	Provide assistance to schools to help resolve defaults.	VSAC works with schools in providing and exchanging information which helps them to reduce defaults.
1987	Implementation of Loan Consolidation.	Loan consolidation is implemented to assist borrowers in managing their student loan debt.
1987	Implementation of the Loan Refinance Program.	Loan refinance is initiated to assist borrowers in developing the most beneficial repayment plan.
1987	Implementation of Single Delivery - automated loan processing.	Loan processing is automated and streamlined which reduces the risk of error and fraud or abuse. The process is simpler for the school, lender, and borrower.

PUBLIC INFORMATION INITIATIVE

Year	Initiative	Comments
1965	Outreach Information Program implemented.	The Outreach Department of VSAC disseminates financial aid and higher education information to Vermont parents, students, educators, and counselors.
1965	Financial Aid Night presentations at all Vermont high schools.	VSAC provides special presentations on financial aid for high school students, guidance counselors, and parents of students at all Vermont high schools through the year. These presentations include information regarding borrowers' responsibilities.
1965	"Pre-conversion" letter sent to borrowers.	Borrowers are notified of their impending conversion to repayment two months prior to their interim maturity date.
1965	Statewide school/lender training workshops.	VSAC provides extensive and intensive training and program updates through statewide workshops. Both lenders and schools are included in the workshops.
1965	Individual school/lender aid officer training.	VSAC also provides individual training for school and lender aid officers as they request it or as we perceive a need for it.
1965	Loan Brochures	VSAC disseminates current information about financial aid in general and student loans in particular. Publications emphasize repayment responsibilities.
1980	"Total Loan Debt" letter sent to borrowers.	Borrowers are sent a "total loan debt" letter with each new guarantee. The letter informs borrowers of their total obligation and includes their expected repayment amount.
1986	Seperate Disclosure Statement sent to borrowers.	Borrowers are sent a Seperate Disclosure Statement with each new guarantee which includes a worksheet to calculate anticipated payment amount and length of repayment period.

Public Information Initiative (Continued)

Year	Initiative	Comments
1986	Publication of Repayment Obligation Brochure.	To further inform borrowers of the impact of student borrowing, VSAC publishes a brochure for the sole purpose of addressing various repayment scenarios and options.
1986	Student Loan Counselor software made available to students.	Students are encouraged to utilize software which helps them to understand their repayment obligation and amount. It is a valuable tool for planning ahead and capturing anticipated loan obligations and repayment terms.
1986	Discover software made available to students.	Students are encouraged to use software which helps them analyze their strengths and interests. The Discover software also provides income potentials for various fields of endeavor and can assist students in determining their educational and career goals.
1986	Public television presentation of financial aid process.	For several years, VSAC has provided a televised presentation of financial aid services and processes.
1987	Radio talk show presentation of student loans and default prevention.	VSAC undertakes a public awareness process and utilizes the media to disseminate information about financial aid programs.
1987	Publication of default prevention and student loan information in Vermont's largest newspaper.	In our continuing effort to inform the public of financial aid programs and services, VSAC utilizes newspaper articles to reach the broadest population possible.
1987	VSAC develops "Paying Back Your Student Loans" brochure.	In our on-going effort to emphasize repayment responsibilities, we publish a question and answer brochure outlining borrower obligations.

Senator PELL. Mr. Hawk?

Mr. HAWK. Thank you very much, Mr. Chairman. It is always a pleasure to appear when both Chairman Pell and former Chairman Stafford are present. It is hard to imagine any two people who have been more dedicated to making this program go than these two.

I shall not, Mr. Chairman, read my entire statement.

By way of context, the Higher Education Assistance Foundation issued guarantees in the amount of some $2.7 billion last year, which makes it the largest guarantor in the Nation in terms of volume of loans issued. It is also largest in terms of sharing of cost with the Federal Government. The cost to the Foundation this last year for defaults which were not reimbursed by the Federal Government was some $18 million. So the Foundation is indeed already participating in a cost-sharing effort with the Federal Government. We are sharing a risk. This last fiscal year cost us some $18 million.

I must say that in addressing the issue of defaults, it is important to recognize the significance of the capacity of guarantee agencies to stand that kind of cost and risk sharing, and we were a little bit dismayed when we saw a pending budget reconciliation action which will cause us to lose another $19 million in funds to the Federal Government over and above the $18 million which we just paid in our share of default costs.

I should also point out that the $19 million which will go back to the Federal Government does not consist of Federal Reserve advances. We repaid all Federal Reserve advances back in 1983, some $10.8 million worth. So the funds which will go back to the Federal Government as a result of the budget reconciliation action are reserves which we have developed from our own operations as we have diligently attempted to develop the financial capacity to assure that we can pay our share of defaults which occur, and the evidence that those costs do occur and that share is borne is the $18 million in default costs which we paid and were not reimbursed for by the Federal Government during this past fiscal year.

So I think it is very important that, in order to preserve the structure of the program, you be very sensitive to the need to permit guarantors to retain the financial capacity necessary for them to fulfill their obligation to pay future default claims on loans which they have already guaranteed. So we would urge you to be very cautious about additional efforts to take funds from guarantors as part of the budget reconciliation process.

Mr. Chairman, based on our experience, the typical defaulter is an individual from relatively low economic status, handicapped by a low social position, who has a less-than-average propensity to complete an educational process, who has a relatively high level of debt as compared to income and financial resources. In short, the typical defaulter is an individual who does not pay either because he or she does not have the money or because he or she has become so disillusioned because of lack of success and poor prospects that they simply cannot take very seriously the additional problem of their delinquency on loans.

Unfortunately, all of the kinds of things which normally are suggested with respect to reducing the default rate are not very helpful in solving the problem of this typical defaulter. Providing better information to students who do not have the money to pay is not very helpful. Having exit interviews to impress upon the individual how important it is that they assume responsibility for their debt is not very helpful if the individual is already disillusioned because of lack of prospects. More telephone calls and collection letters do not solve the underlying problem that the individual either does not have the money, is disillusioned because of lack of good prospects, or both.

This leads me to conclude, Mr. Chairman, that if you really wanted to make a significant impact on the default rate, you would have to do it by denying access to student loans and therefore access to postsecondary education. We think this would be a serious mistake from the standpoint of public policy, but I think it is important for the committee, the Congress and for the Nation to recognize that the fulfillment of the purposes of making postsecondary education financially accessible, in order to develop the Nation's human resources, and in order to provide opportunity for individuals to become productive citizens rather than burdens on our society, in order to fulfill those kinds of purposes of this program, it will be necessary to have a higher default rate than what we might find on home mortgages or many other kinds of consumer debt.

This Nation is known as the land of opportunity. We have a reputation of wanting to help people who are willing to help themselves. I think student loans provide opportunity for people to improve their status; they help those who are willing to make a commitment to improve themselves by pursuing postsecondary education, and the program deserves your support in spite of a necessary default rate.

Senator PELL. Thank you very much, Mr. Hawk.

[The prepared statement of Mr. Hawk follows:]

Statement

by

Richard C. Hawk
Chairman of the Board
HEAF group* and HEMAR group**

Presented

to

the Subcommittee on Education, Arts and Humanities
United States Senate

December 18, 1987

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*Members of the HEAF group:

Higher Education Assistance Foundation; Higher Education Loan Program of Florida; Higher Education Loan Program of Kansas; Higher Education Loan Program of Tennessee; Higher Education Loan Program of Washington, DC; Higher Education Loan Program of West Virginia; HEAF Service Corporation; and Loan Servicing Corporation of Utah.

**Members of HEMAR group:

HEMAR Corporation; HEMAR Credit Corporation; HEMAR Finance Corporation of America; HEMAR Insurance Corporation of America; and HEMAR Service Corporation of America.

Statement
by
Richard C. Hawk
Chairman of the Board
HEAF group and HEMAR group
December 18, 1987

Mr. Chairman and Members of the Committee:

I am pleased to appear before you in response to your invitation to address student loan defaults. As you know, the Higher Education Assistance Foundation, with which I am associated, has become the nation's largest student loan guarantor; the $2.7 billion in loan guarantees issued by the Foundation in Fiscal Year 1987 represented more than 27 percent of all guarantees issued in that year. Unreimbursed default losses of $18 million also put the Foundation at the top of the list of guarantors in terms of net default costs*, so we have a very serious interest in this topic.

The Foundation was able to accommodate the $18 million loss from unreimbursed default claims last year because of a long history of conserving funds in order to accumulate sufficient reserves to cover the future cost of both unreimbursed default costs and administrative expenses associated with loans previously guaranteed. We have always assumed that the Congress, as well as lenders, takes comfort in our diligent efforts to build reserves to assure financial capacity for the cost of contingent default liabilities and future administrative expense on loans which we have guaranteed. Accordingly, we were somewhat dismayed to learn that our efforts to build financial strength in support of our guarantee is about to be partially negated by a budget reconciliation action which will reduce our reserves by more than $19 million.

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* The unreimbursed default loss of $18 million is the difference between the amount of claims paid by the Foundation and the lesser amount which the Foundation received as reimbursements from federal reinsurance payments in accordance with the reinsurance formula, and represents a direct cost for losses which the Foundation paid from its reserves. The federal reinsurance formula provides full reimbursement only for the first five percent of defaults each year; the guarantor shares in the cost of all defaults after the first five percent.

I cannot responsibly appear before you to discuss defaults without advising you that further actions to reduce the capacity of student loan guarantors to fulfill financial obligations already incurred could have devastating effects on the Foundation, on other guarantors, and on the entire program. Although some guarantors may be fortunate enough to have a guarantee portfolio which permits them to not experience losses from unreimbursed default claims, a guarantor serving a significant proportion of students from higher risk populations cannot avoid substantial costs of unreimbursed claims. As you know, the federal claims reimbursement formula penalizes a guarantor which serves high default populations (as does the reinsurance premium formula), and the $18 million in unreimbursed default claim expense experienced by the Foundation last year is an indication of the kind of exposure which a guarantor serving the total population must build reserves to cover. We respectfully urge that you exercise appropriate caution in considering any additional actions to erode the financial capacity which guarantors have developed to cover future unreimbursed default losses.

Contrary to the impression of some, the more than $19 million which the Foundation will lose to the Federal Government under the pending budget reconciliation are not federal reserve advances. The Foundation voluntarily returned all federal reserve advances amounting to $10.8 million in 1983 and declined to take any additional federal advances for which it was eligible since that time. The funds sought from the Foundation under budget reconciliation are reserves which the Foundation has accumulated from operations by holding down expenses in order to develop the financial capacity to absorb future default losses and to cover future administrative expenses on loans previously guaranteed.

Obviously, the risk-sharing which some advocate already exists as far as the Foundation is concerned. With no federal reserve advances and a real annual dollar loss without federal reimbursement of $18 million, the Foundation already is bearing significant default costs. The $19 million being captured through budget reconciliation is in addition to the risk-sharing and the cost-sharing already being borne by the Foundation.

The conflict between the Foundation's efforts to build reserves and the pending Congressional action reducing these reserves by more than $19 million dollars may reflect a fundamental issue involving the relationship between default rates and who is served by the program. The Foundation always has been committed to making loans accessible to the total population, including high risk segments. The Foundation's commitment assumes that loan accessibility for the total population, including high default risk segments, is consistent with the public purposes of student loans in the eyes of the Congress. Previous Congressional action reducing and even eliminating borrowing eligibility for students from higher income families while preserving eligibility for students from low income families seems to imply that the Congress intends for loans to be made accessible to higher default risk population segments, of which low income borrowers are a prime example.

Resolution of who should have access to student loans is fundamental to the public policy issue of default tolerance, because the only real means to achieve a truly significant decrease in the total default rate is to (1) decrease borrowing by high default risk students, (2) increase borrowing by low default risk students, or (3) some combination of both. Similarly, the only way to achieve a truly significant decrease in the total number and cost of defaults is to decrease the volume of loans to students (decreases in loans to high default risk students will have greater impact than decreased in loans to all students).

Although some improvement in the default rate may be achieved through greater investments in default prevention activities, the reality is that, once a reasonable investment is being made, additional investments in default prevention activities will yield only marginal results. Such marginal results are not likely to satisfy those seeking a substantial change in defaults and probably will not be great enough to justify the increased investment.

In spite of the erroneous impression created by the attention devoted to the relatively few exceptions, defaulters are mostly individuals who are disadvantaged by low social position and handicapped by low economic status, who have a below average rate of educational program completion, who have limited earnings prospects, and who experience high cumulative debt relative to their assets and income. In short, most defaulters fail to pay either because (1) they don't have the money, (2) they are disillusioned by lack of success and poor prospects, or (3) both. Unfortunately, the underlying reasons for their becoming a defaulter will not be corrected by additional collection letters and telephone calls, better explanations of how much monthly repayments will be required at the end of the educational experience, exit interviews to impress on them the importance of repaying the debt, or any of the more or less exotic efforts usually proposed to reduce default rates.

This is not to suggest that sound loan procedures and adequate default prevention activities are not important. They are, and they can help to keep the default rate down among those who have the capacity to pay and who are not so disillusioned as simply not to care about their delinquent debt. The point is that once the investment in default prevention activities is enough to stimulate repayment by most who are able and basically willing to repay, additional investments will not be very productive, because those investments will not solve the problems which underlie non-payment by the majority of defaulters who either lack repayment ability, are disillusioned, or both.

What then are the alternatives which the Congress can productively consider for achieving a significant improvement in the student loan default rate? Obviously, students from higher risk segments of the population could be eliminated from borrowing eligibility and simply denied financial access to postsecondary education. This would reduce the cost of defaults as well as the default rate. Many of these individuals drop out and never succeed anyway. On the other hand, if half, or even a quarter of these individuals do complete an education program and become productive citizens and contributing members of our society, the benefit achieved with the successful portion may well outweigh the cost of defaults of the unsuccessful portion. The question becomes: is the immediate savings on default costs great enough to justify the long-term cost of denying opportunity for some to be converted from a burden on our society to a contributor--from a liability to an asset?

If it is decided that denying access to postsecondary education for higher risk population borrowers is too great a price to pay for reducing defaults, the Congress may still want to consider reducing the default rate by awarding grants to high risk students in sufficient quantity and amount so as to eliminate the need for them to borrow. This approach obviously would not reduce the cost of making postsecondary education financially accessible to high risk populations (it might actually increase the cost), but it would cause the cost to be viewed differently and perhaps more appropriately. The cost would no longer be viewed as a default on money owed to the Federal Government, but as a positive effort of the Federal Government to create opportunity for and make productive citizens of those who are socially disadvantaged and economically handicapped. Through this approach, the default rate can be reduced significantly, but no money is saved; rather, the cost is reclassified.

Because most defaults occur among borrowers who drop out before completing an education program, and because most who drop out do so during the first two years, the committee could consider a third alternative which would reduce both the default rate and the total cost of subsidizing student loans. This is the approach of focusing grants on the first two years of postsecondary education and loans on the remainder.

In its purest form, this approach consists of (1) eliminating grants for students who have completed two years and reallocating funds saved for grants to first and second year students, and (2) eliminating eligibility of first and second year students for loans. Savings in federal cost of subsidizing loans are achieved in two ways. First, the majority of defaulters are eliminated, so default costs are reduced substantially. Second, the average number of years on which interest is paid on in-school loans is reduced. This approach ought to improve the efficiency of the federal investment in developing the nation's human resources, because grants are a more powerful instrument than loans for stimulating postsecondary attendance. Variations from the most pure form of this approach obviously are possible.

Suppose the Congress were to decide that high risk borrowers should be removed from the program, whose eligibility should be eliminated? The greatest impact would be achieved by removing students who do not complete their educational program. Failure to complete, of course, occurs after the loans is already made, but prospective students more likely than others not to complete the educational program could be eliminated from the loan program by introducing loan eligibility requirements comparable to highly selective admission requirements.

After screening to eliminate borrowers with lower prognosis for program completion, the greatest results would appear to be possible by eliminating minority (except Orientals whose average default rate is low) students and students from low income families. Of course, these categories are not mutually exclusive. Other categories could be added--for example, urban students tend to default at higher rates than rural students, and vocational school students tend to default at higher rates than four-year college students.

Whatever categories were used, any effort to eliminate eligibility for students from high default risk populations obviously would have serious negative consequences, unless grants were used to replace loan funds. Simply denying financial access for higher risk students must not be viewed as a realistic possibility from a public policy point of view.

On the surface, eliminating the eligibility of educational institutions with high default rates is a logical means for reducing the total national rate. On closer examination, the need to review such proposals critically becomes apparent. Obviously, any institution which abuses student loans or does not comply with policies and regulations should be the target of appropriate action, including potential loss of eligibility. On the other hand, a high default rate often simply reflects the population served by the school.

A school which serves 1,000 low-income, minority students and no others will inevitably have a significantly higher default rate than another school which also serves 1,000 low-income, minority students, but enrolls an additional 3,000 students from upper income families. Forcing the students in the first institution to attend the second institution, or others like it, by rescinding the eligibility of the first institutions will eliminate a high default rate. High default students simply will have been moved from one institution to another. Reducing the national default rate would be accomplished only by excluding high default students from postsecondary education not just from an individual institution.

In the absence of a policy to deny opportunity for students from high risk populations, institutions which serve high concentrations of such students must not be removed from eligibility because of a high default rate.

Before initiating any massive effort to solve "the default problem" and certainly before eliminating eligibility for loans of higher risk students, careful consideration should be given to what the problem is, or if one exists at all. This nation is known as the land of opportunity, and our society has a reputation of desiring to help those who are willing to help themselves. Student loans create opportunity by providing financial access to education, and they are an instrument for helping those willing to make a commitment to help themselves, both by pursuing an instructional program and by paying for the opportunity over a manageable period of time. To be sure, some students will not succeed. We cannot guarantee success, but to deny opportunity for some because the success of all cannot be assured would be short-sighted indeed.

Perhaps the most amazing thing about guaranteed student loans is that the default rate is not higher than it is. Should we not all applaud when more than 85 percent of all student borrowers repay their loans? Less than 85 percent will complete their educational programs successfully, and not all who complete are destined for good fortune. We make loans almost indiscriminately to young people with virtually no criteria except that (1) they are accepted by an educational institution and (2) they are not from a family with too much income or assets. For the most part, the borrowers have had no previous credit experience. They pledge no collateral. Is it not remarkable that more than 85 percent repay?

The rising cost of defaults has to be a concern during difficult budgetary times. But we must be clear that the increase in the cost of defaults is due primarily to increases in the volume of loan dollars, not to inordinately raising rates.

If the Congress determines that the federal cost of a student loan is more than can be borne and must be reduced, what should be done? Elimination of high default populations is not realistic and the Congress cannot continue capturing funds from guarantors and lenders without destroying the Guaranteed Student Loan Program. Unless the

Congress elects to restructure student aid by emphasizing grants for the first two years and loans thereafter, the unfortunate reality is that the cost must be shifted to the borrower, either directly or indirectly through guarantors and lenders. Although not a pleasant choice, making loans accessible at higher cost to the borrower is better than denying access.

As always, we appreciate the diligent efforts of this subcommittee and its leadership in providing the framework for such a remarkably successful program as the Guaranteed Student Loan Program. We are at your service and stand ready to assist you with your current deliberations in any manner as you may wish.

Senator PELL. Mr. Ryan?

Mr. RYAN. Mr. Chairman, Senator Stafford, I am James T. Ryan, assistant vice president of the Ameritrust Co. of Cleveland, OH.

I am pleased to have the opportunity to testify before you today on behalf of the Consumer Bankers Association. My testimony today reflects the views of lenders making more than 80 percent of the GSL loans each year.

Lenders are concerned about the GSL default rate. We believe the default issue is undermining support for the continuation of the program. CBA does not want to see this happen.

We support the efforts of the Subcommittee in developing legislation addressing the default situation. In working on corrective legislation, CBA is hopeful that Congress will not enact proposals that will have the effect of penalizing lenders, guarantors, or schools serving the high-risk GSL borrower.

GSLs represent loans on which Federal guarantee substitutes for the credit-worthiness of the borrower. Every GSL is in some respects a gamble on the likelihood of the success of the educational program. If the student succeeds, the loan will be repaid. If the student does not complete his or her educational program and obtain adequate employment as a result of that training, the loan will not be repaid.

Research on defaulters confirms the relationship between the ability to repay and the repayment performance. One out of every three defaulting borrowers comes from extremely limited financial circumstances. The largest number of defaulters spend only 1 year in postsecondary education, which is to say there is a strong inverse relationship between default and the number of years spent in school.

Dropouts are the highest category of defaulters. Borrowers who were employed when their loans became due were more likely to repay their loans than those who were not. A very informal survey of CBA GSL lenders found that 75 percent of defaulters do not repay their loans because they lack the means to do so.

This in turn leads to the conclusion that in the substantial majority of cases, defaults cannot be prevented through more lender diligence. In those cases where students do not have the ability to repay their loans, Congress needs to look at the education and training services purchased by the student to ascertain if the student could have in fact benefitted from these courses of instruction.

During the past year, student loan defaults have been a major focus of the Education Funding Committee's activities. In addition to CBA's activities, many GSL lenders have also implemented their own default prevention efforts. These efforts have consisted of professionally developed student loan counseling materials, including materials discouraging students from taking out GSLs before they have exhausted other forms of student financial aid and materials that outline repayment obligations as the result of this borrowing.

CBA GSL lenders are also complementing these counseling efforts with increased due diligence. Lenders in fact have a strong incentive to perform increased due diligence when cost-effective because, myth to the contrary, defaults are costly to lenders. If the lender originates the loan, holds it through the school period, and then converts it over to repayment and later sees that loan go into default—and most loans today go into default early on—the lender is in fact going to lose money over the life of the loan due to the cost of the origination, the cost of conversion to repayment and the cost of collections and filing the claim.

The 1986 reauthorization of the Higher Education Act included over 20 separate provisions directed toward reducing default losses or fraud and abuse in the program. These provisions include several either proposed or actively supported by CBA.

CBA believes that the 1986 amendments will produce a reduction in the default rate. The effect of the default prevention provisions already instituted needs to be tracked before Draconian measures are instituted that would penalize future generations of students because of the repayment performance of the minority of borrowers.

In the past several months, the U.S. Department of Education has on several occasions suggested that lender due diligence efforts would be enhanced if lenders were forced to share in 5 to 10 percent of the dollar volume on GSL loans. The enactment of risk-sharing in any form will result in immediate withdrawal of GSL access to most, if not all, students falling into the high risk category. This will occur because lenders do not believe there are any major additional enhancements to due diligence that will prevent between 15 and 35 percent of loans to high risk borrowers from going into default.

Senator, we have included some recommendations of the CBA in our testimony.

Senator PELL. They will appear with you full statement, and we will have a chance to talk about them after the panel's testimony. Thank you very much.

Mr. RYAN. Thank you.

[The prepared statement of Mr. Ryan follows:]

CONSUMER BANKERS ASSOCIATION *The Association for Retail Banks, Savings & Loans and Credit Unions*
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TESTIMONY OF
THE CONSUMER BANKERS ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
OF THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE
REGARDING
GUARANTEED STUDENT LOAN PROGRAM

PRESENTED BY
JAMES T. RYAN

DECEMBER 18, 1987

Mr. Chairman and Members of the Senate Subcommittee on Education, the Arts & Humanities, I am James T. Ryan, Assistant Vice President of Ameritrust Company, N.A. of Cleveland, Ohio. I am pleased to have the opportunity to testify before you today on behalf of the Consumer Bankers Association (CBA)[1]. My testimony today reflects the views of lenders making more than eighty percent of the Guaranteed Student Loans (GSL) originated in the U.S. each year.

By way of background, Ameritrust is the largest lender in the State of Ohio and also makes student loans in all other States. Ameritrust initiated participation in the GSL program in 1964 and presently has more than $170,000,000 invested in the program. In addition to GSLs, we also participate in the Supplemental (SLS) and PLUS programs.

The average Ameritrust GSL is approximately $3,100 and loans as small as $500 are available to students. Borrowers in our program graduate with approximately $4,600 in student loan indebtedness.

LENDERS ARE CONCERNED ABOUT DEFAULTS IN THE GSL PROGRAM

CBA commends the Subcommittee for holding these important hearings. Student loan defaults have become a major concern of lenders, not only because defaults increase lender administrative costs, but also because GSL defaults represent a significant portion of the cost of the GSL program. Lenders believe that the default issue is undermining support for continuation of the program. CBA does not want to see this happen.

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[1] The Consumer Bankers Association was founded in 1919 to provide a progressive voice for the retail banking industry. CBA represents approximately 700 federally insured banks, savings and loans and credit unions that hold more than 80 percent of all consumer deposits, and more than 70 percent of all consumer credit held by federally insured depository institutions.

CBA supports the efforts of the Subcommittee in developing legislation addressing the default situation. We believe that Congress should carefully review the GSL program and attempt to find innovative and realistic approaches to reducing defaults.

In working on corrective legislation, CBA urges the Subcommittee to keep in mind the primary purpose of the GSL program, which is to provide capital to needy students for educational purposes. CBA is hopeful that the Congress will not enact proposals that will have the effect of penalizing lenders, guarantors or schools serving high-risk GSL borrowers. CBA urges Congress to weigh the cost of serving needy, which is to say high-risk, borrowers against the cost to society of not educating and training an important part of our national workforce.

GSL DEFAULTS: CONSIDERING THE PROBLEM IN PERSPECTIVE

The Secretary of Education has reported that the gross GSL default rate (cumulative defaults divided by cumulative matured loans) is approximately 12.6 percent. The net default rate, which in the view of lenders is a more realistic yardstick of defaults in that collections made on defaulted loans reduce gross default losses, is 9.4 percent.

More important, especially in light of the current debate over the federal budget, are the current and projected costs of GSL defaults. The Department has estimated that in FY 1986 GSL defaults cost $1.318 billion. This cost is expected to rise to $1.618 billion in the current fiscal year.

These statistics have led some individuals to suggest that GSL default rates are "soaring" or are "out of control." While not minimizing the problem of defaults, CBA respectfully suggests that this is not the case. Data compiled by Dr. Jerry Davis of the Pennsylvania Higher Education Assistance Agency (PHEAA) suggests that default rates as reported by guaranty agencies have remained basically stable in recent years. The increase in default losses results almost exclusively by an increasing percentage of the GSL loan volume being in repayment rather than in-school or grace.

GSLs represent loans on which the federal guarantee substitutes for the credit-worthiness of the borrower. Ordinarily, borrowers seeking a loan would have to produce collateral and demonstrate an ability to repay based on current income. The absence of both of these factors in virtually every GSL produces a situation where the repayment of the loan is in some respects a gamble on the likelihood of the success of the educational program, i.e., if the student succeeds, the loan will be repaid, if the student does not complete his/her educational program and obtain adequate employment as a result of the training, the loan will not be repaid.

Research on defaulters confirms the relationship between ability to repay and repayment performance:

*Who is the protypical student loan defaulter? Do we know? To an increasing degree we do, and it is not the high income, high living person portrayed in the press who thumbs his nose at the federal government. Several research studies conducted by state guaranty agencies on student borrowers in default corroborate the correlation between low family income and high-risk borrowers. Virginia found that 31 percent of borrowers had a family income of $10,000 or below, but 65 percent of defaulters fell into this category. Pennsylvania found that 3 of every 5 defaulters had incomes under $5,000. While comprehensive data are unavailable from every state, it is reasonable to estimate that 1 out of every 3 defaulting borrowers come from extremely limited financial circumstances.

*Second, the largest number of defaulters spend only one year in postsecondary education, which is to say there is a strong inverse relationship between default and the number of years spent in school.

*Third, dropouts are the highest category of defaulters.

Findings of a recent study of the New York Higher Education Services Corporation include the following:

--Borrowers who were employed when their loans became due were more likely to begin repayment on their loans than those who were not.

--Repayers were twice as likely as defaulters to have incurred other debts.

--Repayers were three times as likely to receive family assistance in repaying their loans than defaulters.

--Among borrowers who did not graduate, defaulters were more likely than repayers to withdraw for financial reasons.

Mr. Chairman, these findings and those found in similar studies by the Virginia and Pennsylvania guaranty agencies suggest directly that some level of default will occur if loans are made to students falling into the categories where statistical correlations with default have been identified. I would suggest, Mr. Chairman, that the HESC study, "Student Loan Payers and Defaulters," and the study by Dr. Jerry S. Davis of the Pennsylvania Higher Education Assistance Agency entitled, "Ten Facts About Defaults in the Guaranteed Student Loan Program" be included in the official hearing record.

A very informal survey of CBA GSL lenders found that defaults fall into the following categories:

A.	Inability to pay	75 percent
B.	Skips (borrower location unknown)	15 percent
C.	Unwillingness to repay based on dissatisfaction with school, lender, or some other party	10 percent.

CBA's finding that 75 percent of defaulters do not repay their loans because they lack the means to do so parallels the guaranty agencies' research results which tie ability to repay to repayment performance. This, in turn, leads to the conclusion that in the substantial majority of cases, default cannot be prevented through more lender diligence. In those cases where students do not have the ability to repay their loans, Congress needs to look at the education and training services purchased by the student to ascertain if the student could have, in fact, benefited from these courses of instruction.

CBA EDUCATION FUNDING COMMITTEE EFFORTS ON DEFAULTS

As you may know, Mr. Chairman, CBA has established an Education Funding Committee consisting of eighteen lenders actively involved in the GSL program. The Education Funding Committee provides guidance to CBA on the GSL program and on education finance issues generally.

During the past year, student loan defaults have been a major focus of the Education Funding Committee's activities. During the past year, several initiatives have been implemented:

--The Committee has developed appropriate responses to the default problem. Several legislative proposals developed by the Committee are included in this testimony;

--CBA provided strong association support for the default prevention initiative "Default Detours" sponsored by FIDM, and the Default Prevention Initiative of the Career Training Foundation, announced earlier this month;

--CBA established a Default Task Force to work with guarantors, schools, and the U.S. Department of Education to develop joint projects to reduce student loan defaults;

--CBA held its third annual Student Lending conference, where lenders, schools, guarantors, and others had the opportunity to exchange ideas on the student loan default problem.

Although we believe these efforts have produced useful results, the Committee plans to continue to cooperate with other organizations and with the Department in developing innovative approaches to the default problem.

INDIVIDUAL CBA LENDERS ACTIVE IN DEFAULT PREVENTION

In addition to the CBA activities, many GSL lenders have also implemented their own default prevention efforts. These efforts have consisted of professionally developed student loan counselling materials, including materials discouraging students from taking out GSLs before they have exhausted other forms of student financial aid, and materials outlining the repayment obligations resulting from borrowing. Some lenders have purchased video tapes for use by schools in exit counselling of borrowers and have changed application materials to emphasize the consequences of default. These efforts are being supplemented by increased lender involvement in seminars and workshops on default prevention and student aid administration.

CBA GSL lenders are also complimenting these counselling efforts with increased due diligence. As you know, Mr. Chairman, the due diligence required under the Act was significantly increased under the 1986 amendments. Notwithstanding this increase, however, many GSL lenders routinely exceed the due diligence performance required of them under their guarantee arrangements. They do so where their specific experience suggests that better performance can be achieved through modification of the required standards. Lenders, in fact, have a strong incentive to perform increased due diligence when cost effective because, myth to the contrary, defaults are costly to lenders. If the lender originates the loan, holds it through the school period, and then converts it over to repayment and later sees that loan go into default (and most loans today go into default early on) the lender is, in fact, going to lose money over the life of the loan, due to the cost of origination, the cost of conversion to repayment, and the cost of collections and filing claims.

Therefore, to say that lenders have no incentives to collect on loan is incorrect. As a matter of fact, lenders have a great incentive to collect against the loan and keep the loan on the books to continue earning revenue. It's only if the loan stays on the books that the lender will make any money on it.

HIGHER EDUCATION AMENDMENTS OF 1986 DEFAULT PREVENTION PROVISIONS WILL REDUCE GSL DEFAULTS

The 1986 reauthorization of the Higher Education Act included over twenty separate provisions directed towards reducing default losses or fraud and abuse in the program. These provisions included several either proposed or actively supported by CBA:

--multiply-disburse loans to reduce funds distributed to students who may withdraw before the start of the second semester;

--prohibit the use of commissioned salesmen to promote the availability of supplemental loans to students;

--allow the garnishment of wages of defaulters under certain circumstances;

--prohibit the use by lenders or guarantors of premiums or inducements to schools or borrowers in connection with making or guaranteeing of GSLs;

--prohibit students who are in default under the GSL or Perkins program or owing any refund on any federal grant program, from receiving any form of assistance while they remain in default;

--require schools to provide exit counselling to students on the average indebtedness of students, the average anticipated monthly payments and the available repayment options;

--require the Secretary to establish a National Student Loan Data Base to avoid fraudulent and illegal double borrowing of GSLs;

--prohibit the use of fraudulent or misleading advertising;

and

--require lenders to report to credit bureaus.

Additional provisions in the 1986 reauthorization reducing defaults include:

--enhanced authority of the Secretary to limit, suspend or terminate the eligiblity of schools or lenders engaged in poor administration of the program;

--increased loan disclosures to borrowers at the time of origination and at the beginning of repayment;

--authorization of supplemental pre-claims assistance by guarantors to prevent loans from going into default;

--extention of the deferment for unemployment by twelve months, providing for a twenty-four month deferment.

CBA believes that the 1986 amendments contained the most comprehensive set of default prevention measures ever added to th Higher Education Act and that the amendments will produce a reduction in the default rate. At the present time, lenders have only anecdotal information on the impact of the amendments. CBA hopes that guarantee agencies may be able to develop more specific analyses, but in the meantime the effect of the default prevention provisions already instituted needs to be tracked before draconian measures are instituted that would penalize future generations of students because of the repayment performance of a minority of students.

DEFAULT REMEDIES MUST NOT BE STRUCTURED TO PENALIZE THE LENDER SERVING THE HIGH-RISK BORROWER

In the past several months, the U.S. Department of Education has on several occasions suggested that lender due diligence efforts would be enhanced if lenders were forced to share in five or ten percent of dollar volume of GSLs. This concept has also been repeated by some educational institutions, who are frustrated by the attention paid thus far to the role of educational institutions with regard to defaults.

The enactment of risk-sharing in any form will result in an immediate withdrawal of GSL access to most if not all students falling into the high-risk category. This will occur because lenders do not believe there remain any major additional enhancements to due diligence that will prevent between 15 and 35 percent of loans to high-risk borrowers from going into default. If this projection is correct, risk-sharing is nothing more than yet another reduction in lender yield.

Consider the following brief analysis:

Assume the enactment of 5 percent risk-sharing.

Assume that the lender experiences a default rate of 25 percent on loans to high-risk borrowers, notwithstanding the fact that full due diligence is being performed on the loans.

Assume that the average loan size on high-risk loans is $2000.

Under this analysis the lender would lose 5 percent of the loan on 25 percent of the loan volume made available to high-risk borrowers. This would translate into an additional average cost of $25 per $2000 GSL to each high-risk borrower. This would then translate directly into a reduction in yield on the loan of 1.25 percent over the life of the loan and approximately .625 percent assuming a 24-month life of the loan.

A reduction of .625 percent renders the high-risk loan unprofitable to the lender. The lender will therefore choose not to make this loan.

In suggesting that the Committee reject the easy solution of lender risk-sharing, CBA is not in any way suggesting that lender be let off the hook and not be required to perform aggressive due diligence. Lenders not performing due diligence should be subject to the consequences of their deficiencies either through audit determinations or through limitation, suspension, or termination proceedings.

LENDERS QUESTION PROPOSALS TO INVOLVE EDUCATIONAL INSTITUTIONS IN THE COLLECTION OF STUDENT LOANS

Several organizations representing educational institutions have proposed requiring lenders and guarantors to provide information on delinquent and defaulted borrowers to educational institutions. With the information provided, it is expected that the schools will contact borrowers to encourage repayment of their loan obligations.

CBA, while supportive of efforts by educational institutions to reduce defaults, is concerned that contacts of borrowers by schools could undermine the integrity of the program. Specifically, a borrower contacted during the pre-claim period by the lender, guarantor and the school may not be clear on where to send a check and could be discouraged from doing so. Confusion is likely to occur because the guarantor and the lender will have no control over the content of the school's communications with the borrower.

Perhaps more important, a violation on the part of the school of the Fair Debt Collection Practices Act could trigger a suit by a borrower against the holder of the loan. As you know, Mr. Chairman, the Fair Debt Collection Practices Act was enacted to prohibit abusive collection practices. The school, as a third party (other than the holder and borrower), is a collector under the definitions included in the Act when it attempts to collect on the GSL. CBA is concerned that the lack of sophistication and understanding of the Act on the part of some schools could cause problems.

One area where schools could substantively assist lenders and guarantors in collecting loans prior to default is in the area of finding borrowers. As noted above, "skips" are one of the primary causes of defaults. Schools often have more recent and detailed knowledge of the whereabouts of borrowers than is present in guaranty agency or lender records. Congress should investigate ways of improving the communications links between lenders, guarantors and schools to facilitate the sharing of this information.

In addition to the very real practical problems inherent in schools contacting delinquent borrowers, it also should be reemphasized that the causes of default in many instances suggest that no enhancement of due diligence is going to prevent the default. A student who has dropped out of school and is not making sufficient money to repay the loan is a very probable defaulter. The best way for schools to decrease defaults is to take steps to insure that those who enroll can benefit from the course of study offered. Collection of loans should be left to lenders, holders, and secondary markets.

CBA RECOMMENDATIONS TO THE SUBCOMMITTEE TO REDUCE DEFAULTS

CBA is pleased to present several recommendations to the Subcommittee today to address the student loan default issue.

These recommendations are as follows:

1. For all schools, modify multiple disbursement to provide for disbursement of only 30 percent, rather than the current 50 percent of the loan proceeds.

This amendment would further reduce the amount of funds disbursed to students who withdraw early in their academic program. The amendment also reflects CBA's general view that reliance on loans should be minimized for all students in their first semester or year of study.

2. Congress should revise tuition refund policies by requiring some form of pro-rata or other refund policy so as to encourage schools to increase student retention.

GSL lenders believe that dissatisfaction with an educational program or inability to benefit from a course of study are principal causes of default and that encouraging an improvement in educational practices by institutions is a far more effective approach.

3. The authority of the Internal Revenue Service to collect on defaulted loans via income tax offsets should be extended.

The Department has estimated that approximately $90.9 million was collected through this source in FY 1986. Projections for FY 1988 are $142.2 million.

4. Congress should encourage states to enact legislation providing for income tax offsets on State tax refunds.

Like the federal program, enactment of similar State legislation will result in both voluntary repayments on the part of borrowers and significant direct recoveries under the program.

5. Authority for the assignment of wages to cover payments by defaulters should be incorporated into GSL promissory notes.

This provision would facilitate the use of judicial process to secure repayment of loans by borrowers. The mere existence of this provision will help convey to a borrower considering skipping a payment that they will be required to repay.

6. Authorized information sources for guarantee agencies should be expanded to permit better skip-tracing.

"Skips," borrowers whose location cannot be located, constitute over ten percent of all GSL defaults. In order to reduce losses to "skips," current legal and bureaucratic obstacles to valuable information sources should be eliminated. Among some promising information resources sometimes not available to guarantors are: Division of Motor Vehicles records, state employment records, and state income tax records.

7. Credit bureau reporting by lenders should be modified to provide notification at 90 days of delinquency.

Currently, credit bureaus are notified upon default. Earlier notification will both enhance collection efforts prior to default and also will help terminate credit to seriously delinquent borrowers at an earlier point.

8. Establish a new definition of "default" better reflecting current program practices and experience.

The current definition of default has been severely criticized as not reflecting recent changes in federal law and regulations improving due diligence and collection practices. Schools have been extremely critical of the use of cumulative default statistics under which there is virtually no opportunity to achieve a reduction by improving school administrative practices. A new definition of "default" should be a one-year cohort using the most recently available data. This definition would allow for much more meaningful comparisons between years where the results of default prevention efforts could be shown.

9. Delay certification of enrollment status until a student has satisfactorily completed a specified percent of the first enrollment period.

Part of the solution to the default issue lies in reducing high drop-out rates at some schools, and ensuring student success in postsecondary programs as well as access to them. Delaying certification would increase the likelihood that GSL funds were disbursed to those able to benefit from the school's instructional program.

10. Congress should consider requiring new proprietary and vocational institutions to guarantee refunds if the school should close.

New proprietary and vocational institutions should be required to obtain a performance bond prior to their authorization to participate in the Guaranteed Student Loan program to cover refunds to students in the event of a closure or business failure. Students due refunds that are not paid by a school are often unable to repay their GSL.

11. Grants should be utilized before a Supplemental Loans to Students (SLS) is included a student's financial aid package.

All undergraduate borrowers who want to apply for SLS should be required to first apply for a Pell Grant to determine if they are eligible for Pell. This provision is already in effect for GSL and has had the effect of substituting grant aid for loan aid for many borrowers.

12. Financial aid administrators should be given the authority to deny loans to those students they believe are unlikely to repay loans.

If a financial aid officer has reason to believe that a student may not repay a GSL, they should be authorized to deny an application for the student.

13. Congress should consider changing the name of the Guaranteed Student Loan program to remove any assumption on the part of any borrower that the loans do not need to be repayed.

The word "guaranteed" has suggested to some borrowers that if they default the government pays the loan and no meaningful loss occurs to any party. By changing the name of the program, this incorrect implication can be eliminated.

14. The use of commissioned sales representatives to recruit students should be prohibited.

The use of commissioned sales representatives to recruit students to enroll in a school should be prohibited to eliminate undue pressure from being exerted on prospective students. Such representatives frequently also pressure students to apply for GSLs to finance their education.

CBA would be happy to work closely with the Committee to fully develop these amendments into legislative language and to support their final enactment.

CBA believes that the problem of student loan defaults is one that must be faced by all elements of the student aid community, including lenders, schools, guarantors, students, servicers, the Department of Education, and the Congress. We all have a vested interest in making the GSL program work. As Congress proceeds with work on default legislation, CBA hopes that the Committee will produce legislation that is both fair to all parties and also will leave intact a GSL program serving all students, regardless of their personal circumstances.

I would be happy to respond to any questions of the Subcommittee.

Senator **Pell.** Mr. Stringer, of the Chase Manhattan Bank.

Mr. **Stringer.** Mr. Chairman, Senator Stafford, good morning. It is an honor to have an opportunity to address the subcommittee. I represent the Chase Manhattan Bank, which has made loans to students for approximately 25 years. We are among the largest lenders and holders under both the Guaranteed Student Loan and the Health Education Assistance Loan programs.

I was asked to testify before you today in large part due to the fact that Chase recently suspended the making of new loans to vocational and proprietary school students and their parents. Many believe our decision was driven by the cost of defaults and the emotions of the current debate.

Default costs were only one of several factors involved in our decision. That decision was made after a careful financial analysis which included the following factors: one, the absence of loan serialization, thus guaranteeing low account balances and a high unit servicing cost; two, the high incidence of withdrawals and mid-loan cancellations, which serves to reduce the already low account balances; three, the high incidence of delinquencies and defaults, which increases the holder's operational expenses significantly; and four, the permanent reduction of special allowance income from 3.50 to 3.25 percent, and the temporary reduction via Gramm-Rudman to 3 percent, thus trimming back already slim net returns.

We have determined we can only serve this market segment as an originator and a short-term holder. We are currently searching for one or more business partners or secondary markets that have a different set of characteristics such that they can afford to hold these loans over the long term.

Lenders are interested in performing more than the minimum collection effort required to secure claim payment on defaults. This is so for at least two reasons. First, it is very expensive to file a default claim. Chase would prefer to expand additional efforts in the delinquency stage to avoid the default stage. Second, a default claim reduces Chase's base of earning assets, causing us to run twice as fast to achieve our business plans.

In trying to reduce default rates, we must collectively examine the causes of default. Guarantee agency research indicates a strong correlation between low-level borrowing and a high default rate. Certain schools, or certain types of programs, seem to generate certain levels of default, and marginal increases in a lender's collection effort have only minimal impact.

Let me suggest a new perspective on defining the default problem. In economic circles, it is said full employment is reached when the unemployment rate is 5 percent. There is a structural resistance to rates below this level. Applied to student loans, we need to understand the structural default rate. Only defaults beyond this level constitute a problem. Without this understanding, we cannot specify how great a problem we face.

I believe it is up to Congress to decide whether the GSLP is a quasi-social program or a financial business. That policy decision will drive many subsequent decisions, including the level of structurally acceptable defaults. Chase's participation in the GSLP is voluntary. It is not clear to me that Congress' choice is quite as unrestricted.

Another point focuses on the difference between a lender's gross default rate and the program's net default rate. The latter constitutes a reduction of 25 percent and is a result of additional time and supplementary collection effort. To the extent restrictive actions are taken relative to schools or lenders, this factor, or at least one-half of it, should be considered.

Every lender can probably fine-tune its collection efforts somewhat; but I have serious reservations about thoughtlessly increasing the requisite number of calls or letters. Neither bring a new message to the delinquent borrower. If the reason for default is a lack of income, additional calls and letters will not be the vehicle to produce payments. Time and patience are our allies. Witness the success rate of post-default collection efforts.

There are no quick, simple solutions. We must be creative in addressing the needs of the defaulting borrower population, not sweeping in our construction of new collection rules. The student population is quite different from any other population a commercial lender deals with. It stands to reason that the solutions to student loan defaults will also be different.

The Consumer Bankers Association, the National Council of Higher Education Loan Programs, numerous education associations, and individual schools and lenders are working on this matter. It is proper for Congress and the administration to keep the fire burning under us. It is improper to legislate or regulate new terms without an understanding of the problem or the proposed solution.

Past proposals, such as lender risk-sharing, and current concepts, such as unreimbursed litigation, were designed to strengthen collection efforts. The true effect of these proposals would be that lenders would cease making loans to default-prone students. Accordingly, we would fail to reach the neediest and would foreclose educational opportunity to many. While it may control Federal default expenses, it does so at perhaps an unintended social cost which may surface elsewhere in the Federal budget.

I thank you for this opportunity and would be pleased to answer any questions you may have.

Senator PELL. Thank you very much, Mr. Stringer.

[The prepared statement of Mr. Stringer and responses to questions submitted by Senator Hatch follow:]

UNITED STATES SENATE

SUBCOMMITTEE ON EDUCATION ARTS AND HUMANITIES

Testimony on
Student Loan Defaults
December 17, 1987

Submitted by: P. Gregory Stringer
Vice President
Education Finance Division
The Chase Manhattan Bank, N.A.

Mr. Chairman and Distinguished Members of the SubCommittee: good morning.

It is an honor to have the opportunity to address the SubCommittee. My only regret is that my comments carry such negative overtones.

I represent the Chase Manhattan Bank, which has made loans to students for approximately 25 years. We are among the top few lenders and holders under both the Guaranteed Student Loan and the Health Education Loan Programs. On a personal basis, I have worked in the student aid industry, in various capacities, for 15 years.

I was asked to testify before you today in large part due to the fact that Chase recently suspended the making of new loans to vocational and proprietary school students and their parents. Many believe our decision was driven by the cost of defaults, and the emotions of the current debate. Default costs were only one of several factors involved in our decision.

That decision was made after a careful financial analysis, which included the following factors:

1. The absence of loan serialization, thus guaranteeing low account balances and high unit servicing costs;

2. The high incidence of withdrawals and mid-loan cancellations, which serves to reduce the already low account balances;

3. The high incidence of delinquencies and defaults, which increases a holder's operational expenses significantly; and

4. The permanent reduction of special allowance income from 3.50% to 3.25%, and the temporary reduction via Gramm-Rudman to 3.00%, thus trimming back already slim net returns.

We have determined we can only serve this market segment as an originator and short-term holder. We are currently searching for one or more business partners, or secondary markets, that have a sufficiently different set of characteristics such that they can afford to hold these loans over the long-term.

Chase cannot afford to be all things to all people. On a larger scale I wonder if the GSLP faces the same kind of decision. A few years ago the issue was full access. Now the issue is defaults, perhaps the natural result of a full access policy.

Lenders are interested in performing more than the minimum collection effort required to secure claim payment on defaults. This is so for at least two reasons. First, it is very expensive to file a default claim. Chase would prefer to expend additional efforts in the delinquency stage to avoid the default stage. Second, a default claim reduces Chase's base of earning assets, causing us to run twice as fast to achieve our business plans.

In trying to reduce default rates we must collectively examine the causes of default. Guarantee agency research indicates a strong correlation between low-level borrowing, such as exists in the vocational context, with a high default rate. Certain schools, or certain types of programs seem to generate certain levels of default, and marginal increases in a lender's collection effort have only a minimal impact.

Let me suggest a new perspective on defining the default problem. In economic circles it is said full employment is reached when the unemployment rate is 5%. There is a structural resistance to rates below this level. Applied to student loans, we need to understand the structural default rate. Only defaults beyond this level constitute a problem. Without this understanding we cannot specify how great a problem we face.

I believe it is up to Congress to decide whether the GSLP is a quasi-social program or is a financial business. That policy decision will drive many subsequent decisions, including the level of structurally acceptable defaults. Chase's participation in the GSLP is voluntary. It is not clear to me that Congress' choice is as unrestricted.

Another point focuses on the difference between a lender's gross default rate and the program's net default rate. The latter constitutes a reduction of 25%, and is the result of additional time and supplementary collection effort. To the extent restrictive actions are taken relative to schools or lenders, this factor, or at least one-half of it, should be considered.

Every lender can probably fine tune its collection efforts somewhat. As a group we will continue to do so since it serves our interests. New technologies help us increase efforts without excessive costs. But I have serious reservations about thoughtlessly increasing the requisite number of calls or letters. Neither bring a new message to the delinquent borrower. If the reason for default is a lack of income, additional calls and letters will not be the vehicle to produce cash. Time and patience are our allies; witness the success rate of post-default collection efforts.

There are no quick, simple solutions. We must be creative in addressing the needs of the defaulting borrower population, not sweeping in our construction of new collection rules. The student population is quite different from any other population a commercial lender deals with. It stands to reason that the solutions to student loan defaults will also be different.

The Consumer Bankers Association, The National Council of Higher Education Loan Programs, numerous education associations, and individual schools and lenders are working on this matter. It is proper for Congress and the Administration to keep the fire burning under us. It is improper to legislate or regulate new terms without an understanding of the problem or the proposed solution.

Past proposals such as lender risk-sharing, and current concepts such as unreimbursed litigation, were designed to strengthen collection efforts. The effect would be that lenders would cease making loans to default-prone students. Accordingly, we would fail to reach the neediest, and would foreclose educational opportunity for many. While it may control Federal default expenses, it does so at perhaps an unintended social cost which may surface elsewhere in the Federal budget.

I thank you for this opportunity, and would be pleased to answer any questions you may have.

Supplementary Materials

The value of a student loan portfolio, or its net yield, can be measured in two different ways: annual yield and permanent yield.

Annual yield focuses on the net return of a loan or a portfolio in a given year. Since a loan produces different levels of profit throughout its life the annual yield in a given year is a function of the mix of loans in the portfolio. The net return will be greater if the portfolio is weighted toward the school and grace period statuses than if the mix is weighted toward the repayment status. Measured in this manner, a lender must add new loans into the portfolio at a proper rate to maintain a constant mix over time, in order to compensate for an increase in portfolio maturity, or have the net return decrease over time.

Permanent yield focuses on the net return of a loan or a portfolio over its entire life. While the loan's profit levels differ over time, the permanent yield approach establishes a long-term average. This approach evaluates an existing portfolio, without the requirement to add new volume to keep net returns constant. This method offers a more accurate perspective on a portfolio's value.

Attached are indicative permanent-yield analyses of two different loan accounts. The first account is composed of two loans (in four disbursements), and produces an average net return of 0.76% over its nearly 13 year life. The second is composed of only one loan (in two disbursements), and produces an average net return of -0.55% over its nearly 8 year life.

The net returns noted above are expressed in pre-tax dollars. If the lender's combined State and Federal tax rate is 40%, the average net return of the two loan account is reduced from 0.76% to an after tax return of 0.46%. By comparison, the after-tax bankwide return for the "Top 100 Earners in (Commercial) Banking" for 1986 was as follows (see chart compiled by the American Banker for detail):

Number of Banks	Range (Return on Assets)
43	1.00% and above
34	0.76% to 0.99%
22	0.50% to 0.75%
1	Below 0.50%

On a permanent yield basis, student loans appear to fall well below average.

(1476H)

TYPICAL GSLP NET YIELD
(post 10/17/86)

Average Principal Balance	X	Funding Spread	=	Intermediate Return	-	Origination Expense	-	Servicing Expense	=	Net Return	/	Average Principal Balance	=	Net Yield Percentage	Cumulative Yield	Remaining Yield
A. School																
$2,296.88	X	2.25%	=	$ 51.68	-	$30.00	-	$24.60	=	$- 2.92	/	$2,296.88	=	- 0.13%	-0.13%	0.81%
5,333.33	X	2.25	=	120.00	-	30.00	-	19.35	=	70.65	/	5,333.33	=	1.32	0.89	0.74%
B. Grace																
2,937.50	X	2.25	=	66.09	-	0.00	-	23.46	=	42.63	/	2,937.50	=	1.45	1.04	0.67%
C. Repayment																
5,679.08	X	2.25	=	127.78	-	0.00	-	49.27	=	78.51	/	5,679.08	=	1.38	1.22	0.53%
5,263.01	X	2.25	=	118.42	-	0.00	-	43.08	=	75.34	/	5,263.01	=	1.43	1.27	0.32%
4,812.41	X	2.25	=	108.28	-	0.00	-	45.24	=	63.04	/	4,812.41	=	1.31	1.28	0.04%
4,324.41	X	2.25	=	97.30	-	0.00	-	47.40	=	49.90	/	4,324.41	=	1.15	1.26	(0.32%)
3,795.90	X	2.25	=	85.41	-	0.00	-	49.80	=	35.61	/	3,795.90	=	0.94	1.23	(0.83%)
3,223.53	X	2.25	=	72.53	-	0.00	-	52.32	=	20.21	/	3,223.53	=	0.63	1.18	(1.60%)
2,603.65	X	2.25	=	58.58	-	0.00	-	54.96	=	3.62	/	2,603.65	=	0.14	1.11	(2.87%)
1,932.32	X	2.25	=	43.48	-	0.00	-	57.72	=	-14.24	/	1,932.32	=	- 0.74	1.02	(5.40%)
1,205.27	X	2.25	=	27.12	-	0.00	-	60.60	=	-33.48	/	1,205.27	=	- 2.78	0.92	(12.97%)
417.88	X	2.25	=	9.40	-	0.00	-	63.60	=	-54.20	/	417.88	=	-12.97	0.76	---
				986.07	-	60.00	-	591.40	=	334.67	/	43,825.17	=	0.76		
				(2.25%)	-	(0.14%)	-	(1.35%)	=	(0.76%)						

NOTES:

1. a. Balance in first year of School Period is $1,312.50 X 12 months, and $1,312.50 X 9 months, or $2,296.88.

   b. Balance in second year of School Period is $2,625.00 X 9 months, $1,625.00 X 9 months, and $1,625.00 X 6 months, or $5,333.33.

   c. Balance in Grace Period is $5,875.00 X 6 months, or $2,937.50.

   d. Balances in Repayment Period are annual averages.

   e. Balances in Repayment Period presume no disruptions (delinquency, default, deferment, forbearance, prepayment).

2. Servicing Expenses are as follows:

   a. School Period - $2.05/month
   Grace Period - $3.55/month
   Repayment Period (Year 1) - $3.55/month
   Repayment Period (Years 2 - 10) - $2.95/month

   b. Servicing Expenses increase 5% each year (or upon change in status, if less than one year). Origination expenses do not increase.

3. Assumes lender funds loans at 91 day T-Bill plus 1%.

4. Does not calculate value of USDE quarterly payment lags.

5. Higher balances produce higher yields.
   Lower balances produce lower yields.

TYPICAL GSLP NET YIELD

(post 10/17/86)

Average Principal Balance	X	Funding Spread	=	Intermediate Return	-	Origination Expense	-	Servicing Expense	=	Net Return	/	Average Principal Balance	=	Net Yield Percentage	Cumulative Yield	Remaining Yield
A. School																
$2,187.50	X	2.25%	=	$ 49.22	-	$30.00	-	$18.45	=	$ 0.77	/	$2,187.50	=	0.04%	0.04%	-0.70%
B. Grace																
1,312.50	X	2.25	=	29.53	-	0.00	-	22.38	=	7.15	/	1,312.50	=	0.54	0.23	-0.94%
C. Repayment																
2,407.24	X	2.25	=	54.16	-	0.00	-	46.80	=	7.36	/	2,407.24	=	0.31	0.26	-1.59%
1,944.33	X	2.25	=	43.75	-	0.00	-	40.92	=	2.83	/	1,944.33	=	0.15	0.23	-2.86%
1,443.00	X	2.25	=	32.47	-	0.00	-	43.08	=	-10.61	/	1,443.00	=	-0.74	0.08	-5.39%
900.06	X	2.25	=	20.25	-	0.00	-	45.24	=	-24.99	/	900.06	=	-2.78	-0.17	-12.94%
312.06	X	2.25	=	7.02	-	0.00	-	47.40	=	-40.38	/	312.06	=	-12.94	-0.55	---
				236.40	-	30.00	-	264.27	=	-57.87	/	10,506.69	=	-0.55		
				(2.25%)	-	(0.29%)	-	(2.52%)	=	(-0.55%)						

(0206H)

NOTES:

1. a. Balance in School Period is $1,312.50 X 9 months, and $1,312.50 X 6 months, or $2,187.50.

   b. Balance in Grace Period is $2,625.00 X 6 months, or $1,312.50.

   c. Balances in Repayment Period are annual averages.

   d. Balances in Repayment Period presume no disruptions (delinquency, default, deferment, forbearance, prepayment).

2. Servicing Expenses are as follows:

   a. School Period - $2.05/month
   Grace Period - $3.55/month
   Repayment Period (Year 1) - $3.55/month
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   b. Servicing Expenses increase 5% each year (or upon change in status, if less than one year). Origination expenses do not increase.

3. Assumes lender funds loans at 91 day T-Bill plus 1%.

4. Does not calculate value of USDE quarterly payment lags.

6. Higher balances produce higher yields.
   Lower balances produce lower yields.

The Chase Manhattan Bank, N.A.
Student Loan Division
1985 Marcus Avenue
New Hyde Park, New York 11042

P. Gregory Stringer
Vice President

CHASE

January 21, 1988

The Honorable Claiborne Pell
Chairman, Subcommittee on Education,
Arts and Humanities
United States Senate
648 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

As requested, enclosed are responses to the questions submitted by Senator Hatch relative to the Subcommittee's hearings last December 18 on GSLP loan defaults. I hope the responses are helpful supplements to the testimony, and I remain at the Subcommitte's disposal should further materials be required.

Thank you again for the opportunity to testify before the Subcommittee.

Sincerely,

P. Gregory Stringer

Responses To Questions Submitted By Senator Hatch Following GSLP Loan Default Hearings on December 18, 1987.

1. What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

   The purpose of such programs is to enable students identified as financially needy to afford attendance at a postsecondary education program. While GSL defaults should be minimized whenever possible, widespread access to loan funds is a critical element of the combined assistance programs. Some level of defaults is inevitable in an open-access environment, and should be accepted. Intolerance of defaults would likely result in a constriction of access to loan funds perhaps by the neediest. The Federal commitment to the GSLP must include the concept of risk - risk that some borrowers may not repay - which risk is balanced by the rewards, personal and societal, generated by those who do repay.

2. What should we mean when we say we "want to deal with the default problem"? Lower the cost? Lower the rate of defaults? Both? _______?

   We should lower both the rate and the cost of defaults where possible without altering the core design of the GSLP. One element of this design is the voluntary participation of private sector lenders. It must also be financially feasible for such lenders to participate.

3. What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

   Any lender can control its default experience by controlling the kind of loans it makes. Chase has historically restricted its loans to students at traditional 2 and 4 year colleges, so the default rate has been below average, and declining due to increases in our communication and collection efforts. However, with the increasing restrictions on access to GSL loans, effectively limiting loans to students of lower-income families, I foresee rates may soon begin to rise.

4. Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student defaulter who defaults on a GSL?

   Guarantee agency research in this regard has generally concluded there is a strong correlation between default and low-balance loan accounts, shorter-term programs of study, failure to complete programs of study, high financial need (low family income) at time of enrollment, and either unemployment or low levels of income following termination of studies. The New York and Pennsylvania guarantors have done excellent work in this area.

4A. It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

One significant approach would be to ensure student-borrowers are enrolled in programs capable of delivering high quality education products and services. Perhaps more than anything else, this will reduce drop-out rates and enhance subsequent employability. The lending community is in a poor position to evaluate the quality of academic programs.

5. Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

Reliance on student loans at the expense of grant or work-study funds clearly increases the risks of default. Financial aid officers should exhaust non-loan sources before turning to loans. Chase is unable, however, to provide evidence as to specific correlations between aid packages and defaults.

6. Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly concerning the appropriate student aid package at that type of schools?

Guarantee agency research seems to indicate that the shorter the academic program, the greater the risks of default (although there are schools to which the correlation does not apply). From a default-prevention perspective, is is critical that students in short-term programs exhaust non-loan sources of funds before turning to loans.

7. A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

The income-contingent repayment feature does not address the root of most defaults, and does introduce extraordinary and excessive servicing expenses. The concept can already be implemented within the GSLP by means of a graduated repayment feature. Such is permitted by GSLP regulations, but is not available on a widespread basis due to difficulties in its operational implementation. Enclosed is an unpublished paper I prepared last year that discusses the issue in greater detail.

8. Of total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access to education." It would be shortsighted if, in dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? other so called "risk-sharing" proposals? requirement of a uniform guaranty fee? various increased due diligence proposals?

Lender risk-sharing (the payment of less than 100% of defaulted balance) would cause lenders to review its lending policies. If the gap in payment were a small one, lenders may choose to remain in the GSLP but serve only very low-risk populations. This would limit the impact to the lender of risk-sharing, but would create a serious loan access problem among other borrower segments. As the gap increases, the likelihood of total lender withdrawal increases as well. It must be remembered that net returns to lenders under the GSLP are only marginal, and lender participation is voluntary.

Reductions in reinsurance for guarantee agencies will cause lenders to review their relationships with guarantors. Since the U.S. Department of Education does not have a pass-through liability in case of a guarantee agency's insolvency, lenders may elect to secure their guarantees with non-local agencies with greater financial strength. In the extreme, lenders may withdraw from the GSLP due to a lack of faith in the financial underpinnings of the insurance.

It is not appropriate to require all guarantee agencies to charge the same fee. They have different reserve levels, operational expenses, borrower populations. Further, certain types of borrowers carry different and statistically predictable default rates. These factors should determine the fee structure.

As noted in my testimony, Chase does not believe an increase in due diligence will produce meaningful results, but it will require significant expense. More calls and letters simply do not address the roots of defaults.

8A. Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in the financial cost to the student?

Additional cost to the student is not the issue. Reduced yield to the lender is the issue.

9. The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in Higher Education Amendments of 1986. Various institutional organizations or groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

   *What is the legitimate extent of institutional responsibility?

   *Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on education students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

   The focus of institutional responsibility for defaults does not belong in the collection cycle as much as it belongs at the front end. Recruitment practices, quality of education, financial aid packaging, loan counseling and perhaps other areas will bear more fruit. Effective support for back end processes such as skip-tracing and collection will be difficult to implement effectively and may violate certain privacy laws.

10. What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

    Both of these initiatives have had a positive effect on both default dollars and rates. But they have cost lenders in term of reduced gross income and increased expenses, at a time when special allowance has been reduced. The resulting margins for lenders are perilously thin.

11. Given the difference between GSLs (e.g. no credit check, no collateral requirement) and standard commercial loans, what is a realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

    It is not possible to respond to this question without a clear definition of the scope of the program. The broader the access desired, the higher the realistic default rate. Further, a definition of "default rate" (conversion rate, annual rate, cumulative rate, etc.) is also necessary.

11A. Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?

Absolutely. Federal commitment to student financial aid should not diminish, and there is no more cost-effective delivery system.

11B. What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?

Generally, as volume rises, so will costs. While fine-tuning may reduce rates, middle and upper income eligibility exclusions may serve to boost rates up again. As taxpayers, nobody wants to see unnecessary expense, but this program represents investment in the country's future.

11C. Would the taxpayers' dollars now being spent for default costs be better spent on grant programs? On college work-study programs?

Measured on the basis of each dollar delivered, the GSLP remains the most cost-effective vehicle.

12. Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

A uniform definition would be helpful, and the concept has surfaced frequently. However, a uniform definition has nothing to do with solving a borrower's default problems. Whatever the definition, credit for post-default borrower payments should be included. Time and patience are a collector's allies, and guarantors are not constrained the same way lenders are.

13. What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

Current requirements appear to be reasonable. Many of these requirements have been imposed only recently, so we are not yet able to identify tangibly the benefits. Current requirements should not be altered or increased until sufficient time has passed for proper evaluation.

13A. Can current law requirements be increased? If so, how? How costly are any of the new current requirements or any proposed new measures? Are they cost-effective?

As noted earlier, an increase in requirements will be quite costly and will likely produce few benefits. Too many decisions in the GSLP are made on anecdotal, not statistical evidence. Due diligence requirements must not be increased without an equal increase in the lender's income.

13B. Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating accounts?

This question seems most appropriately addressed to guarantee agencies. Congress should not entertain proposals to litigate borrower accounts before filing claims. Net return margins on GSLP loans are too thin to permit such heavy expenses. Guarantors frequently litigate at present, and are effectively reimbursed through collection subsidies.

13C. Is there a point at which due diligence become so onerous and costly for a lender or a guarantee agency that either or both would limit student access or leave the program altogether?

Yes. Lenders are increasingly aware of the financial feasibility of program participation. Their responsibility to stockholders requires efficient allocation of investment capital. This may dictate withdrawal from those market segments that do not pass a cost/benefit test, or in the extreme, may dictate total program withdrawal. Many lenders presently maintain restrictions against some schools or market segments.

13D. In regard to Ed's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs.

I cannot respond to this question other than to suggest that the publicity value of such programs --along with the IRS offset program --may exceed the specific dollars recovered.

14. Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to service high risk students and thus at odds with providing expanded access to educational opportunity. Which do you believe is the more accurate view of these provisions or proposals?

The latter. In a program based upon voluntary participation, risk-sharing operates as a clear disincentive to serve high-risk, and thus high-cost populations.

14B. If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

No, such disincentive should not be used. One incentive could be a higher special allowance rate applicable to such loans, but this involves greater Federal expense and cumbersome if not impossible lender tracking and accounting.

15. The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (no just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

Insofar as one of the primary causes for default is the lack of marketable skills following termination of an academic program, instinct suggest the "ability to benefit" yardstick is a proper one. However, I am not able to assign it a specific value.

16. The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

I have no specific evidence to support any conclusion. The Department of Education's record as a guarantor, however, was not a solid one, and I have not heard clear evidence that local guarantors are performing inadequately.

17. One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

I cannot estimate the savings resulting from the withholding of transcripts. Relative to dropouts, the impact may be negligible. Perhaps credit bureau reporting, a new requirement, will prove more beneficial. However, the transcript initiative may still be valuable even if only applicable to a few accounts.

18. If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guaranty agencies? by ED?

This proposal suggests the application of different standards on a statistical, not individual basis. This is done constantly in the insurance business, and the practice is valid. The question, however, is one of added administrative complexity. Student loans are already excessively complex. Another layer would discourage broad lender participation. Because student loans generally represent one percent or less of a lender's total asset base, complex administrative support mechanisms are simply not practical.

18A. What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?

Differentiated administrative standards could cause lenders to focus upon a single market segment, most likely the most profitable segment. For this and reasons noted above, Congress should not pursue this proposal.

18B. Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?

The results are substantially identical to those noted above. Congress should not pursue this initiative.

18C. What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

The commitment of the entire community should focus upon the delivery of a high-quality education. But even with this completed, defaults will continue for other reasons.

19. There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extent are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency of agency reserves?

The GAO standards for sufficiency of agency reserves are totally inadequate under any scenario. GAO's standards relate to retroactive expenses, whereas a proper analysis would be prospective in nature. To the extent increased agency responsibilities are proposed, they will require increased funding, and are diametrically opposed to the GAO standards.

INCOME CONTINGENT STUDENT LOANS ARE NOT THE BEST SOLUTION

By: P. Gregory Stringer

The author has worked in the student loan industry for 14 years, beginning at Yale University during its income contingent loan experiment. He is presently a Vice President in the Student Loan Division at the Chase Manhattan Bank.

Much has been written lately about the Reagan Administration's proposals for an income contingent student loan program. Under the current loan programs a borrower's monthly payments are established without regard to his or her current income. Under the proposed Income Contingent Loan (ICL) program the monthly payments would be related to income. Therefore, lower income borrowers would make lesser monthly payments, and repay the loan over a longer period as compared to higher income borrowers.

The U.S. Department of Education is counting on the new repayment structure to lower the default rates substantially. In announcing the pilot program to schools last November, Secretary Bennett noted that "the flexibility afforded by this type of repayment plan accommodates changes in the borrower's financial circumstances, leaving little reason for borrowers to default on their loan obligation."

On the surface the ICL program sounds quite attractive. Payments begin at a low level and increase with a borrower's income over time. This makes debt more manageable. Not coincidentally, it permits the Administration to increase its reliance upon loans as a form of financial assistance, and permits it to reduce the subsidies it provides to borrowers in the form of reduced interest rates.

There are at least two key questions surrounding the ICL program: 1. Will it really reduce defaults?; and 2. Will lenders be willing to participate? It is quite possible that the answer in both cases will be "no".

Much of the default publicity has been linked to the idea that student borrowers are being burdened with potentially excessive indebtedness. Thus it might appear an ICL payment structure will virtually eliminate defaults.

In fact, studies have shown that defaults are much more closely linked to borrowers with lower indebtedness. In the aggregate, these are borrowers who come from low-income families and have attended short-term programs (community or junior colleges, vocational programs, etc.), or have attended but not completed long-term programs (traditional colleges, etc.). Three major reasons cited are a lower income, resulting from less marketable job skills; an unwillingness to repay, resulting from a sense that the education, and thus the loan, produced no value; and an unfamiliarity with credit management principles, resulting from family circumstances.

It is not clear what portion of the default problem is attributable to which reason. What seems clear is that the ICL program offers nothing to the borrower who is unwilling to repay the loan. This population will continue to default.

The ICL may offer relief to the potential defaulter that is willing but unable to make payments under a standard repayment structure. The details, however, are not clear since the Department of Education has only focused upon borrowers with high debt balances. These are the borrowers that studies show are least likely to default.

At the same time higher balance/higher income borrowers could become a riskier group since they will be asked to repay their loan faster, by means of higher monthly payments. Under the Guaranteed Student Loan Program, a $15,000 loan would require a monthly payment of $182. Under the ICL Program a borrower with the same $15,000 loan would make a monthly payment of $217, $292 or $375, given an income of $20,000, $25,000 or $30,000, respectively. We should also note that a $15,000 GSLP balance will become a balance of about $19,500 under the ICL Program due to the elimination of interest rate subsidies during the in-school period.

Perhaps the only beneficiary will be the higher balance/lower income borrower. A $10,000 income will require a $92 monthly payment, and a $15,000 income will require a $150 monthly payment. The cash flow will be eased, but the term of the loan will be extended. Is it good public policy to require borrowers to make payments on their loans while they are attempting to pay for their own children's education? Let me note again that this population has not shown a significant likelihood of defaulting.

So default reductions are questionable. What about lender participation? At present funds are plentiful under the Perkins and GSL programs. But the cost to a lender of operating these programs is already disproportionately high, and will likely seem quite modest compared to the ICL program.

The Administration's pilot program is presently restricted to school lenders and is designed as a variation of the National Direct (Perkins) Student Loan Program. But many suspect the intent is to carry the concepts into the Guaranteed Student Loan Program, administered and funded largely by commercial lenders.

The servicing of guaranteed student loans is highly labor-intensive, and therefore costly. Because of their unique terms, these loans cannot be fully supported by general installment loan data processing systems. Further, for a variety of reasons, student borrowers make frequent inquiries or require consistent follow-up (collection or otherwise). All of this adds up to expensive manual intervention. The trick is to make the data processing system handle as much as possible, freeing the staff for non-routine tasks.

The establishment of a payment amount is a routine task normally left to the data processing system. If a borrower has a problem with the payment amount he or she can contact the lender to discuss alternatives. Adjustments are therefore an exception, not the rule, and occur only when the borrower takes the initiative.

The ICL program, however, makes the establishment of a new payment amount an annual event. In order to do so, the lender must collect and process certain information regarding each borrower's income. Absent the provision of such income information from the Internal Revenue Service on an automated basis, an unlikely event, this task would make expensive exception processing an annual requirement for every borrower.

Income contingent student loans are not a new concept -- Yale University began an experiment in income contingent loans in 1971. The experiment has since been terminated, largely due to the costs of funding the loans, but there are some lessons to be learned. One is that a significant number of borrowers are reluctant to submit income information each year. Perhaps they prefer to keep the information to themselves, or prefer to make payments based on outdated information. These borrowers are technically delinquent, and require follow-up. Again, an expensive task.

Guaranteed student loans have already been "improved" through legislation and regulation to the point where they are only marginally profitable. A survey conducted by the Consumer Bankers Association over a year ago noted the typical net return (pre-tax) was only 0.75% each year, or $37.50 per $5,000 loan. And the return has fallen since then due to recent program changes. This kind of return is far below most lenders' target for consumer loans, and forces lenders to consider using their funds for alternative investments. Some have already chosen to withdraw quietly. Others may do so in the future as they review the costs of participation. At stake is the network of full access to loan funds that has been developed over the past decade.

The Administration's budget proposals for Fiscal Year 1988 make clear that it does not yet understand that lender participation in the GSLP is voluntary, not mandatory. And it does not understand either the role of automation in loan processing or the cost of manual processing. To the extent the Administration is counting on the continued support of the private sector to provide education financing, it must consider these elements in devising new programs.

Yet the concept of income sensitive repayments retains some charm. There are ways to minimize the flaws of the Income Contingent Loan Program while protecting its central theme.

For example, payments can be established at the outset of the repayment period that increase in accordance with a presumed income path. The path could be the estimated income for new college graduates, with increases over time. This is a graduated repayment program where payments begin at a lower than standard level, and increase in accordance with presumed gains in income.

Exceptions can then be made, upon application by the borrower, for those whose income is below a certain percentage of the assumed income. This reduces the scope of the manual effort for a lender while creating an incentive for the borrower to exercise initiative and provide the necessary information.

Another possibility is to establish a standard repayment schedule at the outset, but provide for exceptions for borrowers whose payments exceed a certain percentage of their income. Again, the lender's manual efforts and costs are reduced, the borrower has an incentive to cooperate, and the sensitivity to a borrower's income is preserved.

As a group, commercial lenders do want to support federal education credit programs. But they can do so only to the extent that they can manage those programs properly and secure a reasonable return from them. The Income Contingent Loan Program proposed by the Administration is missing both those elements.

Senator **Pell**. In your policy of cracking down on proprietary schools, isn't that a little bit unfair to kids who are going there?

Also, are there any other institutions that have default rates equally as poor as the proprietary schools?

Mr. **Stringer**. I suspect there are. My quick review of the National Governors Council study which was published recently shows that there are other market segments, community colleges in certain instances, that have high default rates as well. There are some 4-year colleges, traditional colleges, that also have high default rates. Those are clearly part of the analysis that we perform.

But in these cases there are compensating factors, compensating financial factors, that allow us to absorb the cost of defaults. In the context of a vocational or proprietary school these factors don't exist, particularly loan serialization where a borrower has the opportunity, by virtue of going to school for more than one year, to take out a second loan. This creates quite a different financial scenario.

Senator **Pell**. This is more of a general question for all of you. A number of proposals have been put forward to take punitive actions against the schools and institutions with high default rates. Do any of you have specific suggestions as to what the actions should be, if any?

Mr. **Hawk**. Well, Mr. Chairman, it certainly is terribly important to address the underlying reason for the high default rate. An institution which serves a student body with 1,000 students, all of whom are from low-income groups, will inevitably have a higher default rate than another institution which also serves 1,000 students from the lower income segments of the population but in addition enrolls another 2,000 students from the upper income levels.

Just the nature of the population being served will cause there to be significant differences in the default rate between those two institutions. Eliminating from eligibility the first institution and causing those students to go to the second institution, or others like it, will not necessarily have any impact on our national default rate. It simply moves high-default students from one institution to another and seems to me not to serve any particularly useful purpose.

Now, if you eliminate from eligibility an institution which serves high concentrations of high-risk students, and those students then are eliminated from postsecondary education, you do in fact reduce the national default rate, but you do it at great cost. You do it at the loss of opportunity to convert some individuals who would be burdens to society, to convert those individuals to productive citizens.

So it seems to me it is terribly important if you are going to take an action that you base the action on a determination that the institution is in some respect abusing a program or not complying with program regulations, not simply because it has a high default rate.

Senator **Pell**. I must say I was very moved by your testimony earlier, and I think you should be aware of the viewpoint of our subcommittee and certainly of those of us who are here, that we don't like to see anything done to limit the opportunity for increased education of young people, and this subcommittee has played a very leading role for a great many years under the leadership of the firm of Stafford & Pell or Pell & Stafford, depending upon the whims of political fortune.

But I would like to see the time come when instead of 8 or 12 years being the automatic period of schooling, 14 or 16 years would be a matter of right. But until we get there, we face this problem whereby the GSL defaults are giving a bad name to Federal support for education, and also where we are starting out hundreds of thousands of young people as deadbeats, which is not good for their own future. Maybe we ought to knock out GSLs completely and go back to the Pell grants, basic grants. I'd much rather we did that, because then students would not go into life as deadbeats.

But what we have to do is to take the situation as it is, and we need help. That is why this subcommittee is holding these hearings.

Now, just to enlarge on your testimony, are you saying basically that there should be an acceptable default rate in the GSL program?

Mr. **Hawk**. Mr. Chairman, in my summary I did not repeat everything which is in my written statement, and I must say I concur fully with a number of things which you just said. One of the things my written statement says is that you would be better off to award grants to students from high-risk populations than to continue to give them loans, and it is terribly important for that to be developed to the fullest extent practical.

To the extent that you look at loans as the vehicle for providing financial access for all segments of the population, you must have a higher default rate tolerance than if you use loans only to serve those students from the low-risk population. So there is a choice and a tradeoff. My own judgment is you would be better off to invest more in grant funds as far as the low-income, high-risk population is concerned and depend upon loans only for other segments of the population.

Senator **Pell**. Do any of you have thoughts as to what the psychological damage to youngsters is by starting out life owing money? Would they be better off with a little less education and not starting out as debtors?

Dr. Cross?

Dr. **Cross**. I feel very strongly that grants should be the major source of funding, especially for low-income students. But the reality is if students are to maintain choice, they very often must borrow. And many students feel that the risk is worth it, and I think that that is something that we should be sensitive to.

I also feel that having a single default rate, just the very idea of it, would discourage students. I think it is important to look at what behaviors would result if we have a single default rate, if it is Quayle's rate, or if it is the Secretary's rate. Schools would simply not admit students who would have a negative impact on their default rate. Students would not necessarily be able to go from one school to another school.

I think if it is our objective to cut out some of the practices in the proprietary schools, we should say so. I think if we want to improve the administration of the programs in the proprietary schools and to assure that they lead to jobs, we should develop proposals that would facilitate a higher level of accountability and better administered programs in those schools.

We have done that in New York with the tuition assistance program, developing partnerships with the schools and asking them to develop certain agreements that they must go by.

So in answering, I want to apologize for going beyond the bell. I have a tendency to do that. A few weeks ago, I ran the New York City Marathon, and I went past the finish line and through the chute, and someone had to tell me stop, the race was over.

But if you use the same analogy, I don't think the race is over if we want to assure full access for students. Again, I feel the single default rate approach discourages students, and I think it flies in the face of good judgment.

Senator **Pell**. I still have not received an answer to the question of how much damage it does to a youngster to start out owing money, being a debtor, being a deadbeat. That has to be a factor, and I am just curious whether any of you have any thoughts.

Mr. Iverson?

Mr. **Iverson**. I think in part of my testimony that I did not read, I said that I believe Congress needs to take some responsibility along with the rest of us. I think you raise an interesting question.

In my State, we will not allow a student to get into a high burden of loan debt. We will use state grant aid and other aid to help students avodi high debt burdens. But Congress opened the flood gates to national guarantors, and we found students that borrowed $2,500 who should not have borrowed that much, as they were eligible for State grants, Pell grants, etc.

So I do not find that a reasonable amount of debt is injurious to students upon graduation; it is when they are borrowing unnecessarily, Senator.

The other comment I would make, I know you and Senator Stafford would probably do everything you could to fully fund education. In reality, does the current budget situation allow us not to have loans?

Dr. **Cross**. I want to say something in support of that. In New York, we ran the loan tapes against the grant tapes, and we were able to identify 3,000 additional students who were eligible for grants. And I think having and reinforcing the role of the State agency permits us to integrate the State grant information with the loan information to assure that students use loan as a resort, similar to what we are doing with Pell. So reinforcing the State's role assures that students use loans as a last resort.

Senator **Pell**. Thank you. I think that is already included in Federal law now. But it should be strengthened.

Mr. **Iverson**. The York and Vermont process cannot work unless the State guarantee agency is also the grant administrator. We do the same thing New York does. We review borrowers against our grant file to see if they should have a state grant.

Dr. **Cross**. But if we don't guarantee that loan, we cannot do that for the student.

Senator **Pell**. I see.

Mr. **Hawk**. Mr. Chairman, if I may, I do think it is important to recall that there are a number of parties involved in the whole student financial aid delivery system. Every individual who applies for a loan must do so with the assistance of the financial aid officer at the institution which they are attending and must go through a needs analysis procedure for a guaranteed student loan just as they do for a grant or other forms of aid.

I think the Congress has been wise in structuring a situation which caused the student to go through the financial aid officer, which does assure that there is an opportunity for that financial aid officer to stimulate the student to apply for not only Federal grants, but all other grants to the fullest extent possible.

Senator PELL. Thank you.

I would like to address this question to Mr. Ryan. As you know, information on those who default on their student loans is now reported to the credit agencies; it is mandatory. Could you tell me how the new law is working to deny defaulters other sources of credit, such as personal loans, automobile loans, credit cards, that sort of thing?

Mr. RYAN. Mr. Chairman, one of our recommendations in my testimony is that the lenders report to the credit bureaus at 90 days' delinquency. Personally, I would like to see all lenders report when the loan is made. The reason for that, Senator, is quite often a borrower will go into a financial institution for an automobile loan or a personal loan of some type, and student loans are not always in their mind when they are asked, "What is your outstanding debt?" If that was reported to the credit bureau, the people who are sitting there, making loans, determining this borrower's creditworthiness, would be aware of the obligation that the student has for their student loan and would not get them further in with a loan for an automobile or whatever.

Senator PELL. In other words, it is not working now as well as it should.

Mr. RYAN. We would like to see it work even better than it is working now. It is a little early to tell what the results are going to be. But we endorse 100 percent reporting to the credit bureaus.

Senator PELL. What would be your view, Mr. Stringer?

Mr. STRINGER. Looking at the profile of the typical defaulter, I fully support the use of credit bureaus. I don't think there is any question that it has a great deal of potential. I don't think we know what the results are yet. One of the questions that I would like to see answered soon is whether or not the typical defaulter in the student loan context is in fact a user of other credit services such that reporting to a credit bureau really makes a difference to that ex-student. It is possible that he or she never applies for a car loan, never applies for any other type of credit instrument, and so it has no significance. We don't know yet.

Senator PELL. Thank you very much.

Senator Stafford?

Senator STAFFORD. Thank you, Mr. Chairman. I think you have stated our problem very well, as well as the reason we are holding these hearings. Let me just review the problem as I understand it.

What we are facing here in the committee, and in the entire Congress, is first of all a serious question of an overall national budget deficit and an effort to try to reduce this. This effort has put a great deal of pressure on the Pell grant program. As worth while as this program may be, we are limited as legislators in the amount of money that we can devoted to the Pell grant program. We are facing a similar situation with respect to the Guaranteed Student Loan Program.

We also need to keep in mind that there are those in the Congress and in this country who feel that the Federal Government should not have a role in our children's education. Therefore, our position is one in which we are pressed for enough money to sustain the Pell grants at a sufficient level, while also pressing for enough money to continue operation of the Guaranteed Student Loan Program.

The repayment rate for guaranteed student loans remains good, close to 90 percent. However, the fact still confronts us that when the cost of the GSL program reaches 50 percent of the money that can be made available, we present to those who would like to diminish or eliminate the Federal role in higher education with a dangerous weapon in my opinion.

That is why we are here today; seeking your advice on how we can best cope with the pressure for funding while fending off the weapon that we have given to the opponents of higher education. What we are actually trying to do is reduce the money now being spent to pay for defaults in the system, irrespective of the fact that the repayment rate is about the same as it has been for some time. This is the problem we are facing, and one manifestation of this being that one of our Nation's largest financial institutions is now ceasing to insure loans to one particular class of students. I fear that other banks may also do the same, and we will lose another source of support for this program.

So let me start with you Mr. Iverson, since we are from the same State, by asking what you believe is the single greatest benefit of a 50-50 default-risk partnership between the Federal Government and guarantee agencies?

Mr. IVERSON. I think, it addresses the question you just raised of shared cost. Will the Federal Government continue to support this program by one, paying the students' interest; two, providing ACA money; three, 100 percent reinsurance money; four, allowing guarantee agencies to keep a portion of collected loans to offset part of their collection costs; and, five, provide special allowance payments to lenders. It seems to me that a partnership with the Federal Government would share some of these costs. And probably the single greatest benefit is that a shared risk partnership would provide incentives for better program management and services which equate to lower default costs.

Right now, I feel a little bit like Jesse James, by sitting here with my back to the door and my own colleagues. I know I am not the most popular person in the country right now in suggesting shared risk. I would also suggest that you look at shared risk in our secondary markets. They are the ones—and my agency administers the secondary market in our State—that do the servicing of student loans, and secondary markets have to assume some of the accountability and responsibility for the program. I know it is a tightrope of not losing access when you do this, but I think there is room in a shared risk arena.

Senator STAFFORD. Thank you.

Mr. Hawk, how would you respond to the suggestion that mass marketing strategies by national guarantors confuse parents and students and possibly result in program abuses?

Mr. HAWK. Mr. Chairman, my first response is the Higher Education Assistance Foundation does not have a mass marketing strategy. I have heard reference to such before, but I have yet to see evidence of that mass marketing strategy. And frankly, we do not have one which is in place. I would be interested in hearing Mr. Iverson's comments about that, or we can talk about that privately later.

I do think that we are firmly committed to providing access for all segments of the population. We guarantee more loans to more vocational students on a nationwide basis than any other guarantor in the country. We have always been ready to stand up to the line and serve every disadvantaged population which needs access to student loans. We did that when we provided a last resort program for the United Negro College Fund institutions. We did that when we developed a program for the LULAC population. Clearly, that was our intent when we set about to provide assured access for students attending vocational schools. And it is because of that that we are already in a shared risk situation. It is because of that that we have made a contribution of some $18 million this past year in unreimbursed default claims, and our contribution in terms of unreimbursed default claims will be larger next year than it was this year.

So I think the role which we have really been playing is one of, on a nationwide basis, assuring access for the most deprived segments of the population, the high-risk segments of the population, and as a result of that, we are already in a shared cost situation.

Senator STAFFORD. Thank you. Let me ask you also Mr. Hawk, what is your reaction to a program cost of 50 percent on defaults in the GSL Program. Do you find that high or an acceptable level of cost?

Mr. HAWK. I am sorry, Senator. Are you suggesting the proposal that we share 50 percent of the cost?

Senator STAFFORD. No, I am making an inquiry. We are now reaching a point where approximately half the cost of the GSL program is paying for defaults. Do you consider this level of cost too high?

Mr. HAWK. Mr. Chairman—Senator Stafford—I forget that you are not the Chairman this year——

Senator STAFFORD. Well, you can call me "Chairman emeritus". [Laughter.]

Mr. HAWK. As a percentage of total cost to the program, I am not troubled by the 50 percent. I would not be troubled if it were 90 percent; nor would I be troubled if the Federal Government's primary contribution in terms of the support for this particular program were in terms of reinsurance. So as a percentage, that doesn't trouble me.

Senator STAFFORD. All right.

Mr. Stringer, what specific steps can lending institutions take to improve repayment rates among GSL borrowers?

Mr. STRINGER. There are a number of proposals that have been made in the context of the CBA presentation which Chase would certainly support. Some of those include front-end steps such as delaying the disbursement or certification of a loan in order to weed out, if you will, those borrowers who attend a school for only a week, two weeks, something like that. Therefore, perhaps we can make loans to a population that is somewhat less default-prone. That is one step we can take.

Other steps we are taking are in terms of credit bureau reporting, also in terms of implementing some techniques based on software capabilities which allow us roughly to triple the number of telephone contact attempts and therefore, we hope, correlate the contacts with a borrower during a given month. Technology is helping us do some of this.

Every lender can improve somewhat. To say that all lenders have the same quality of collection is an overstatement. I think there are many lenders who easily exceed the regulated requirements. For those lenders, frankly, I think there are probably not many more fine tunings they can absorb.

Senator **STAFFORD**. Thank you.

Mr. Ryan, let me ask how you think the banking community would respond to a proposal to reduce the Federal guarantee on GSLs to 95 percent of the loans.

Mr. **RYAN**. Senator, the banking community believes that the reauthorization of 1986 has put in place the tools to reduce the default rate. We believe that you are going to see an improvement in the default rate when we are down the road and it is measurable.

If the special allowance reduction, currently at 3 percent, were followed by a 5 or 10 percent risk sharing, that effectively would be reducing our special allowance further.

As Mr. Stringer pointed out, on a financial decision, it is awful tough to follow all of the regulations and still come out of the GSL Program with any profit margin. And it is getting tougher. We don't think that that really is the answer. We think that if the legislation that is in place now is enforced, we are going to see a big reduction in the default.

Responses of Mr. Ryan to questions submitted by Senator Hatch follow:]

CONSUMER BANKERS ASSOCIATION *The Association for Retail Banks, Savings & Loans and Credit Unions*
1300 North Seventeenth Street, Suite 1200, Arlington, Virginia 22209-3880 703/276-1750

January 13, 1988

Senator Claiborne Pell
Chairman
Subcommittee on Education, Arts and Humanities
SD-648 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are Mr. James T. Ryan's responses to the additional questions prepared by Senator Orrin Hatch for the witnesses who testified before the Subcommittee on Education, Arts and Humanities during the December 18, 1987 oversight hearings on defaults in the Guaranteed Student Loan Program.

If there are further questions, or if any clarification is desired, please feel free to contact me (703-276-1750).

Sincerely,

Craig Ulrich

Craig Ulrich
General Counsel

Enclosure

Responses to Senator Hatch's Questions on GSL Defaults Hearings

1. What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

Answer: The purpose of federal student aid programs is to make it possible for students to attend postsecondary education who would be unable to afford it in the absence of such programs. The current cost of GSL defaults should in no way alter the basic purpose of aid programs in creating educational opportunity.

2. What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both? __________?

Answer: Dealing with defaults should mean reducing the incidence and cost of defaults without altering the basic purpose of the program, which is providing needed capital for education to students who would be unable to secure such capital in the absence of the program?

3. What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

Answer: Defaults as a percent of loans entering repayment have remained basically constant in recent years. Two factors, however, are likely to change experience in forthcoming years: First, the new GSL due diligence regulations, effective in March, 1987, are likely to increase the repayment rate. Second, the legislative requirement that all GSLs be made on the basis of need will increase the percent of high-risk borrowers in the program and will result in an increase in the default rate. The exact impact of the two factors on the default rate, will, in my opinion, be to slightly increase default losses.

4. Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student defaulter who defaults on a GSL?

Answer: As I mentioned in my testimony, several recent studies have attempted to answer the question of who defaults on GSLs and why. The New York study and PHEAA study contain useful information on this subject. Generally, however, it can be said that high-risk borrowers are the greatest default risks. These students usually have one or more of the following characteristics: non-completion of educational program, low-income background, and low post-graduation income or unemployment.

4A. It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

Answer: Establishing special procedures to deal with a particular group of student borrowers could result in making the GSL program even more complex than it already is. A better approach is to attempt to address the causes of default for all students, such as assuring the quality of the educational program and the provision of adequate counselling to the student by the school regarding the loan obligation. However, in some circumstances, it may be appropriate to establish special procedures for certain groups, such as late certification of the GSL application for high risk borrowers.

5. Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

Answer: Statistically, composition of an aid package can influence likelihood of default. For example, students without loan debt never default. To reduce defaults through aid packaging, use of GSL by high-risk borrowers should be thoughtfully administered. The aid officer should make every effort to provide such students with an aid package consisting of little or no GSL.

6. Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly concerning the appropriate student aid package at that type of schools?

Answer: Statistically, there is a correlation between type of school attended and likelihood of default. For students attending schools with high default rates, care should be used to assure that GSLs are awarded only after all other forms of available aid are exhausted.

7. A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

Answer: Income-contingent loan repayment plans are generally a bad idea. Such loans are excessively complex and, as proposed by the Administration, result in much higher borrower costs over the life of the loan than GSL. Any reduction in default losses that could be achieved by income-contingent repayment can also be achieved by use of graduated repayment plans and through better use of lender forbearance and unemployment deferments.

8. Of total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access to education." It would be shortsighted if, in dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

*Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? other so called "risk-sharing" proposals? requirement of a uniform guaranty fee? various increased due diligence proposals?

Answer: Reduction of insurance coverage to the lender would result in most if not all lenders withdrawing from the program. It must be remembered that lender participation in the program is voluntary and the nature of the typical GSL borrower makes a certain level of default inevitable. Lender risk-sharing, therefore, is really just another way of reducing lender yield in a program where yields are already frequently non-competitive in comparison with other investment options banks have. Further reduction in reinsurance rates could also have a detrimental effect if such reductions resulted in agencies having inadequate reserve levels. An increase in due diligence required on loans is not likely to result in improvements in defaults since current due diligence requirements are quite extensive. Studies of the causes of default suggest that factors other than insufficient collection efforts result in default in most cases.

8A. Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in the financial cost to the student?

Answer: If additional direct or indirect costs to the lender are added to the program, lender participation will decrease unless additional yield to the lender is not also provided for.

9. The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in the Higher Education Amendments of 1986. Various institutional organizations or groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

*What is the legitimate extent of institutional responsibility?

***Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on educating students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?**

Answers: Institutions should be held responsible for the quality of education. In many institutions, poor educational quality and questionable recruitment policies result in students not fully able to benefit from the educational program being admitted. Such students very frequently default.

Schools are not responsible for the servicing and collection of loans. Their involvement in encouraging loan repayment by students could undermine the effectiveness of lender and guarantor efforts and could confuse the borrower. In addition, violations of the Fair Debt Collection Practices Act by schools could result in suits against lenders and guarantors. Congress should discourage school collection efforts.

10. What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

Answer: Multiple disbursement, which was recommended to the Congress by the Consumer Bankers Association, has reduced defaults by reducing the amount of loan capital made available to students who drop out. Similarly, the increases in due diligence included in the '86 Amendments have reduced delinquencies and defaults. Had both been in effect the last five years, the default rate would be lower.

11. Given the difference between GSLs (e.g., no credit check, no collateral requirement) and standard commercial loans, what is a realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

Answer: A reasonable expectation of default rates will vary on the nature of the student population served.

*Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?

Answer: Yes. There is no alternative that is as cost-effective in getting needed funds to needy students.

11A. What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?

Answer: The cost of GSL defaults will continue to rise as the volume of loans in repayment rises. The implication of this increase in costs is that Congressional pressures to reduce default losses will continue. CBA strongly recommends that in considering measures to reduce default losses, that provisions not be enacted that will have the effect of discouraging lender participation.;

11B. Would the taxpayers' dollars now being spent for default costs be better spent on grant programs? On college work-study programs?

Answer: Including the cost of defaults, GSL is still the most cost effective form of student aid. Grants and work-study are not subject to default losses, but still cost more on a per dollar basis than GSL.

12. Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengths and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

Answer: A uniform definition of default is needed and it should look at annual cohorts of loans rather than cumulative experience. Credit should be included for repayments made by students on loans already in default. Finally, a minimum portfolio size should be established to assure fairness in calculating the rate.

13. What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

Answer: Current regulations for lender and guarantor due diligence are sufficient in the view of lenders and an increase in due diligence requirements is not called for. Department of Education collection efforts also seem to be producing impressive results and CBA makes no recommendation for changes in current procedures.

13A. Can current law requirements be increased? If so, how? How costly are any of the new current requirements or any proposed new measures? Are they cost-effective?

Answer: As noted above, CBA does not believe it is cost effective to increase current due diligence requirements.

13B. Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating accounts?

Answer: Lender experiencing in curing delinquencies varies by the composition of the portfolio. Many lenders experiencing first payment delinquencies of 30 percent or greater and cure a sufficient number of accounts to reduce the default rate to 10 percent or lower. Lenders generally do not litigate accounts. Guaranty agency experience in litigation of default claims has been produced impressive results.

13C. Is there a point at which due diligence becomes so onerous and costly for a lender or a guaranty agency that either or both would limit student access or leave the program altogether?

Answer: Yes. Lender decisions on whether to continue to participate in the program, and on what segments of the educational community to serve, are based on the returns a lender can earn through participation. If due diligence costs are increased to the extent that participation becomes uneconomic, lenders will cease to participate.

13D. In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

Answer: I have no basis on which to answer this question.

14A. Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to serve high risk students and thus at odds with providing expanded access to educational opportunity. Which do you believe is the more accurate view of these provisions or proposals?

Answer: "Risk-sharing" would definitely discourage lenders from serving high-risk borrowers. If lenders were to be given no choice on what loans to make, I believe lenders would chose not to participate in the program at all.

14B. If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

Answer: If additional disincentives to serving high-risk borrowers are not enacted by Congress, incentives to serve this population may not be necessary.

15. The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs)_ on the balance between welfare payments to the unemployed and income tax receipts?

Answer: There is no fully accurate means to estimate how elimination of "ability to benefit" students would reduce defaults. Anecdotal evidence suggests that the default rate among these students is higher than that of the universe of borrowers, however, and it is therefore likely that some decrease would occur.

I have no basis to estimate the effect of eliminating ability to benefit students on the demand for welfare and unemployment benefits. It is clear, however, that many of the "ability to benefit" students obtain education that enables them to earn funds and reduce their dependence on these programs.

16. The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

Answer: There is no way of determining if the ED collection effort will be more successful than that of guarantors. Generally, the agency collection efforts have been aggressive and have enjoyed a high level of success.

17. One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

Answer: Withholding of academic transcripts to defaulters would encourage repayment. It is impossible to estimate what the impact would be, especially since a large percent of defaulters do not complete their educational program.

An additional or alternative approach is to delay the certification of GSL eligiblity by the educational institution until a specified period of time has passed in the educational program. This recommendation is included in my testimony.

18. If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guaranty agencies? by ED?

Answer: Default experience is effected by a large number of factors, including the economic background of the student, and the nature of the educational program. A school serving a low-risk borrower population will achieve a low default rate even if loan administration procedures are less than perfect. Similarly, a certain level of default is inevitable in serving high-risk borrowers. Congress should consider these factors as default reduction measures are considered.

18A. What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?

Answer: CBA does not recommend differentiating due diligence or loan administration procedures by category of institution or on the basis of the default rate experienced by the school.

18B. Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather according to the default pattern of attendees and graduates of a specific institution?

Answer: CBA recommends no changes to current law in terms of requirements on what student borrowers to serve. CBA supports the current anti-discrimination provisions in the Act and opposes any modifications to current law.

18C. What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different type of postsecondary institutions?

Answer: As noted above, defaults occur because of a large number of factors. The higher education community can work to reduce defaults by assuring educational quality and taking the possibility of student loan default into consideration in formulating a financial aid package.

19. There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extent are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency or agency reserves?

Answer: Guaranty agencies must have adequate reserves to meet their financial obligations on loan guarantees. To the extent that agency reserves are reduced arbitrarily by Congress, the ability of agencies to enhance default reduction and counselling activities is reduced.

Senator STAFFORD. Thank you, Mr. Ryan.

Senator PRESSLER. Mr. Chairman, may I ask a question?

Senator STAFFORD. Yes. Just let me finish.

In view of the time, I am going to submit some questions in writing, if that is agreeable, rather than keeping you here longer since we still have two panels to hear this morning.

At this point, I will be happy to recognize Senator Pressler. Do you have an opening statement?

Senator PRESSLER. No. I will submit my questions for the record. But I was very interested in Mr. Iverson's statement and just learning here as to how the shared risk would work, for example, with the secondary market. I am not for it or against it, but that is something I want to learn about. Unfortunately, we are under a time constraint, so you can submit it for the record.

Senator STAFFORD. All right. Without objection, so ordered.

Well, on behalf of the Committee let me thank you all. You have been very helpful to us in our search for an operable solution. I have tried to state the problem that we face—primarily one of funding. We are not able to ascertain as much money as we desire from our colleagues in Congress for either GSL's or Pell grants. That is why we are looking to you for assistance.

Thank you very much.

We are going to ask the next panel to come to the witness table. This panel will consist of Mr. Charles Rogers, director of Hall Institute, Pawtucket, RI; Sister Mary Andrew Matesich, president of Ohio Dominican College, Columbus, OH; Janis Dorian, financial aid adviser, Mansfield Academy, and finally, Dr. Joseph McFadden, president, University of South Dakota.

I would ask those who are in the hearing room and standing if they would kindly take their conversations out in the hall or sit down and be quiet.

Thank you.

The Chair is going to recognize Senator Pressler for the purpose of making an introduction of a distinguished educator from his State.

Senator PRESSLER. Mr. Chairman, I am very proud to introduce the president of the University of South Dakota, Dr. Joseph McFadden. Also, Mr. Chairman, I want to commend you on holding this hearing on this important subject.

I think a large percentage of the students in my State need some sort of financial aid to attend college or secondary vocational/technical school. I think that if my calculations are correct, between 75 and 80 percent of our young people need some form of assistance in our State. Maybe that is not true in all States. Also, I believe that our State has one of the highest repayment rates, so I am proud of that. But I am sure Dr. Joseph McFadden will be a better authority on that than I.

But I want to say that I am very proud to have Dr. McFadden here. He is president of the University of South Dakota, an outstanding higher education institution with an exemplary student default rate. Dr. McFadden also served for a number of years as president of Northern State College, Aberdeen, SD. He is a well-known leader in the field of education. He is one of the best university presidents in our Nation, and I am pleased that he is here today to share his thoughts on this important issue.

Senator STAFFORD. Thank you very much, Senator Pressler. We are going to arbitrarily change the order of presentations here so that the chairman of the committee can be here when we reach Mr. Rogers.

That being the case, Dr. McFadden, after that glowing introduction, we will call on you.

STATEMENTS OF DR. JOSEPH McFADDEN, PRESIDENT, UNIVERSITY OF SOUTH DAKOTA, VERMILLION, SD, ON BEHALF OF NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND GRANT COLLEGES, WASHINGTON, DC; SISTER MARY ANDREW MATESICH, PRESIDENT, OHIO DOMINICAN COLLEGE, COLUMBUS, OH, ON BEHALF OF NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES, WASHINGTON, DC; JANIS DORIAN, FINANCIAL AID OFFICER, MANSFIELD ACADEMY, QUINCY, MA, ON BEHALF OF NATIONAL ASSOCIATION OF ACCREDITED COSMETOLOGY SCHOOLS; CHARLES ROGERS, DIRECTOR, HALL INSTITUTE, PAWTUCKET, RI, ON BEHALF OF NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS

Dr. McFADDEN. Thank you, Senator.

I must also point out that Senator Pressler is one of our distinguished graduates and one of our 13 Rhodes Scholars.

I am Joe McFadden, president of the University of South Dakota. My institution and I are members of the National Association of State Universities and Land Grant Colleges, and I am the chairman of one of the subcommittees of that organization that deals with Federal student financial aid.

I would like to relate a conversation which I had with a friend which I think is relevant to what we are doing today. This friend of mine just came back from Washington this week, and I mentioned that I was going to Washington.

He said, "What for?"

I said, "I am going to testify before Senator Pell's committee on the problem of Guaranteed Student Loan defaults."

"Oh," he said, "is that the program where students borrow the money and don't pay it back?"

And I said, "Not exactly right."

"Over 90 percent of the students who borrow in the GSL Program are in repayment. As a matter of fact, they do better than some of the other guaranteed loan programs sponsored by the Government—farmers and small business are two in specific."

He said, "Well, why are you going, then? Is the university's default rate a problem?"

And I said, "In spite of the fact that 78 percent of our students are on some form of student financial aid, and the fact that we borrow about $600 more per student than the national average, the university's default rate is not a problem."

He said, "Well, why are you going there?"

And I said, "Because I am concerned about the future of this program and its default rate."

I pointed out, as you have pointed out earlier, that nearly half of the money available in the GSL expenditures is going to pay back GSL defaults. I pointed out that if the GSL Program was a separate program, it would be the third largest program under the Department of Education. I pointed out that something must be done to reverse the trend and that we in NASULGC wanted you to know of our serious concern, our interest, and that we intend on being a part of the solution to the problem.

I also realized he was somewhat confused about the GSL Program because he was surprised to find out that we don't make the loans, we don't service the loans, we don't collect the money.

I also pointed out there is something else he should know about the loan program, and I think we should not forget. I am also a board member of a bank, and we don't make loans like the GSL Program does. No one can come into one of our banks and get a loan without a credit check and collateral.

He said, "My goodness, why does the Government do this?"

I said, "Because it is a part of a national commitment and an investment in the future, and because we believe in a democracy that support of our citizens in attaining the highest possible education that they are capable of is an absolute must."

So the GSL Program is more of an investment program than it is a loan program, and we must not forget this reality.

I also pointed out that 2,800 institutions have default rates below 10 percent—many, way below.

The real solution, as has already been mentioned by you, Senator Pell, is that we must reduce low-income reliance on loan programs and fund grant programs adequately. Since that is not going to be done today or tomorrow, I do offer some suggestions that we and institutions like mine must consider to improve the default rate, and I would also like to make four suggestions that you might consider having the Department of Education implement.

The four that we at our institutions may consider are as follows. We must do something to encourage more cooperation with lenders and guarantors. We have a very good guarantee agency in South Dakota. The person who runs it is a personal friend of mine. I have talked to him twice in the last 6 years—once, because I knew I was coming here, and he provided me with my list of students who are in default. I guess the thought that dawns on me is how many presidents of institutions ever see their default list. There must be something we can do to cooperate that would help this problem.

Second, except in unusual circumstances, we could hold financial aid transcripts and academic transcripts. This would prevent defaulters from attaining additional aid and hopefully encourage them to get back into repayment.

Third, we could hold the GSL check distributions until the school session actually begins.

And fourth, we could dramatically increase our counseling regarding borrowing, obligations, and the consequences of default, and I would suggest that we begin this with admission, we continue at every registration, and particularly at graduation.

I must also point out that none of these suggestions are currently required by law, but I am also pointing out that at the University of South Dakota, we are in the process of implementing every one of these suggestions that I have suggested, and I hope to have them all implemented before the end of this academic year.

As far as the Department of Education is concerned, I would offer four suggestions.

One, create a national student data center. This has been previously authorized, but not implemented, and as a result we are all guessing. The data available is not accurate, it is not complete, and we are not being very accountable to the people.

Second, I think we must create and define a usable annual default rate that is comparable with that used by commercial lenders, and one that the public understands. I tried to explain the Department of Education's cohort rate and FFIS cumulative rate to my friend and gave up in frustration. I hardly understand it myself.

And as far as the cumulative rate goes, I'm a baseball fan. I have never seen a cumulative baseball average published in the daily newspapers. We are talking about annual, so we can compare and also make some improvements.

Third, I would advocate expanding program reviews. Since 1981, program reviews have been reduced by over 60 percent, at a time when default rates are climbing. This would help in two ways. It would help in recovering money, and it would also help to serve our students better. We would advocate every institution, lender and guarantor should be reviewed at least once every 3 years.

As far as institutional default rates are concerned, I believe that it could be added as one of the criteria for initiating procedures for limiting, suspending and terminating institutions in the GSL Program. But I would do so with the following caveats. We should go slow, due to the fact that many institutions serve a number of low-income and minority students. We should not establish thresholds, and we should not terminate an institution without a review, without a warning system or a probationary period, and we should never use the default rate as the sole reason for terminating an institution.

And lastly, we should establish substantial programs of training and dissemination for lenders, guarantors, agencies, students and parents, counselors and institutions. The Department of Education has a responsibility to exhibit leadership, and this is one way it can do it.

When I showed my testimony to my student financial aid director, he told me the most important thing that I was going to say today was this point about substantial programs in training and dissemination. Federal regulations are not easy to understand. We need help in interpreting them. We need the leadership, and that should be done.

I appreciate the opportunity.

Senator **Pell**. Thank you very much, and thank you very much for your very specific suggestions. We will weigh them heavily.

[The prepared statement of Mr. McFadden and responses to questions submitted by Senator Hatch follow:]

TESTIMONY BEFORE

THE SUBCOMMITTEE ON EDUCATION, ARTS AND THE HUMANITIES

OF

THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

IN THE

UNITED STATES SENATE

CONCERNING

DEFAULTS IN THE GUARANTEED STUDENT LOAN PROGRAM (GSL)

DELIVERED BY
JOSEPH MCFADDEN
PRESIDENT
UNIVERSITY OF SOUTH DAKOTA

DECEMBER 18, 1987

Mr. Chairman and members of the Subcommittee on Education, Arts and the Humanities, I am Joseph McFadden, President of the University of South Dakota. As a member of the National Association of State Universities and Land-Grant Colleges (NASULGC), I serve as Chair of the Subcommittee on Federal Student Financial Assistance. I appreciate the opportunity to meet with you today on the problem of defaults in the Guaranteed Student Loan Program (GSL).

A recent study done by Janet Hansen of the College Board confirms that student borrowing for higher education has increased dramatically. In the last ten years "the annual loan volume has quintupled" amounting to about $10 billion. The Guaranteed Student Loan Program has shared in this growth. In constant dollars the program has tripled - growing from $2,567 million in 1975-76 to $8,493 in 1985-86. As the GSL Program has grown, so has the volume of defaulted loans. Interestingly, as reported to you previously, the percentage of defaulted loans has fluctuated only slightly over recent years.

Nevertheless, the GSL default costs to the federal government are significant. As you are already aware, GSL defaults will amount to $1.6 billion this year. Even when collections on defaulted loans ($656 million) are factored in, the cost to the taxpayer is about $1 billion.

As a nation we cannot afford this expense especially when the federal government's deficit is so perilously large. I would like to commend the Congress especially the members of this panel, for its efforts to cut out unnecessary spending while maintaining a commitment to federal support for effective higher education programs.

Equally important to this issue is a sense of fair play. South Dakotans believe in repaying debts and my institution's default rate is well below the national average. To us the only acceptable default rate is a zero default rate. My recommendations and those of the NASULGC Student Aid Subcommittee are intended to bring us closer to that goal. We are working with the education community to develop recommendations. We intend to contribute to the solution of the default problem.

The NASULGC Federal Student Financial Assistance Subcommittee is made up of university presidents, vice presidents for student affairs, vice presidents for business affairs, student financial aid officers and federal relations directors. At its meeting at the NASULGC annual meeting, the subcommittee formulated recommendations for changes to the Higher Education Act that would effect the Department of Education, lenders and services, guarantors, borrowers, and educational institutions. In my testimony today, I will concentrate on default prevention measures that higher education institutions and the Education Department can implement to limit the cost of the GSL Program defaults.

We were pleased with the many sound measures for preventing defaults which were included in the Education Admendments of 1986. The reinstatement of loan consolidation will, we believe, be a major help to students at our institutions, particularly graduate students, who must borrow large amounts for their education and who suffered during the lapse of this authority between 1983 and 1986.

The role of institutions in the GSL Program has been characterized by some as limited. Institutions do not originate, guarantee or collect Guaranteed Student Loans. However, institutions have a major responsibility in the prevention of GSL defaults.

Institutions should maximize the efficiency and effectiveness of their student counselling programs. Students must be thoroughly aware of their responsibility to repay the loans, of the cumulative debt they have incurred, of their monthly repayment levels, and of their debt management options before they leave school.

Institutions should cooperate with lenders and guarantors to make sure that accurate and timely information is shared. For example, institutions should provide available information that could be helpful in the collection of loans such as change of address records from Perkins Loan and alumni files, etc., to lenders and guarantors.

Except in unusual circumstances, institutions should place a hold on the transcripts of students in default until notified by the guaranty agency that repayment has begun. Lenders and guarantors, therefore, should provide institutions with timely and accurate information on the default/repayment status of borrowers who have attended their institution.

Institutions should not disburse GSL checks to first time borrowers before classes officially begin. Also, institutions should hold second semester GSL checks until the student has enrolled for that semester.

If the holder of a loan refuses to grant forbearance to a student, it should provide the borrower, the institution and the guarantor with the reason in writing.

Presently, institutions do not have the authority to implement all of these recommendations. We urge Congress to act to make it possible for institutions to more effectively limit GSL defaults.

Any changes made in the GSL Program regarding borrowers should not impact negatively on access to loans by responsible student borrowers.

It must be noted at this point that the GSL Program was created to assist middle income students to continue their education. Because grant aid has failed to keep up with inflation and college costs, low income students are becoming increasingly more dependent on loans. As you are aware, Guaranteed Student Loans are now limited to students in need. We need to reexamine the value of public policy that replaces grants with loans for low income students. In the last ten years, the emphasis on loans has become out of balance. In 1976 80% of federal student aid was in the form of grants. In 1986 nearly 50% of federal student aid was in the form of loans.

One of the reasons we are here today is to discuss the prospects of limiting an institution's participation in the GSL Program and/or all federal student aid programs on the basis of an institutional default rate.

The idea of examining the GSL Program by calculating an institutional default rate was introduced in September by the Federal Funds Information for States

(FFIS). Their "Report on Federal Guaranteed Student Loan Defaults by Postsecondary Education" was prepared for the National Conference of State Legislatures and the National Governors' Conference. The FFIS report calculates institutional default rates from the cumulative number of defaulted GSL dollars of students at a given institution and compares schools accordingly. The FFIS default rate does not factor dollars collected on defaulted loans that go back into repayment.

A second report was released in November by Secretary of Education William Bennett. At that time the Secretary announced his intentions to issue new regulations to bar institutions with default rates in excess of 20% from participation in all federal student aid programs. The Department has defined institutional default rate or cohort default rate as the percentage of borrowers (as compared to FFIS which uses cumulative dollar amount of loan in default) entering repayment status in a given year who default before the end of the next fiscal year.

Analyzing the GSL default problem with the information from institutional default data could be helpful. It could be added as ONE of the criteria utilized for initiating procedures for limiting, suspending, and terminating (LS&T) educational institutions from participation in the GSL program.

More important than maintaining tables on institutions' default rates would be access to national GSL data. Reliable, data would prove invaluable in making informed decisions to improve and reauthorize the GSL program.

The data used for both the FFIS and the Department of Education report is flawed. In a memo to C. Ronald Kimberling, Assistant Secretary for Postsecondary Education, Mitchell L. Laine, Assistant Inspector General for Audit, explains that the "Guarantee Agencies' Guaranteed Student Loan Program (GSLP) Record Dump Data currently being used by the Office of Student Financial Assistance (OSFA) .... is neither a complete nor an accurate picture of any guarantee agency's operation. Management's use of the current data will result in the Department of Education (ED) making incorrect decisions in monitoring and managing the multibillion dollar GSLP."

The Department of Education should be required to implement the existing authorization for the establishment of a national student loan data system. Guarantee agencies should be required to supply accurate data to the Department.

The Department should also publish regular studies on the propensity of borrowers to default based on income levels. Complete and accurate data on GSL defaults nationally are not currently available anywhere!

For the benefit of public understanding, the Department of Education should create and define a usable annual default rate comparable with that used by commercial lenders. Senator, try to explain the Department's "cohort rate" or the FFIS "cummulative rate." I am sure you will understand that it only leads to public misunderstanding of the GSL default problem to the average citizen.

In the President's Special Analyses of the FY 1988 Budget on Table F-13 page F-39, OMB uses an annual default rate for all government guaranteed loans. Following, for your information, is a summary of those programs.

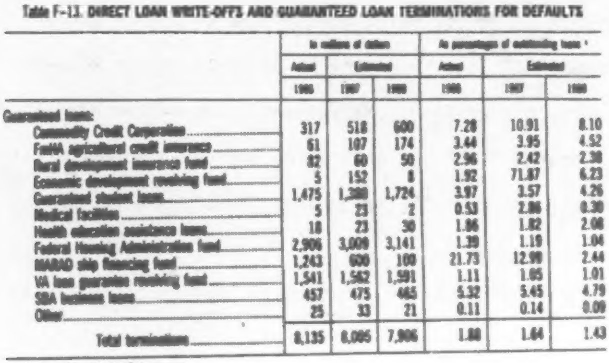

Table F-13. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

	In millions of dollars			As percentages of outstanding loans [1]		
	Actual	Estimated		Actual	Estimated	
	1986	1987	1988	1986	1987	1988
Guaranteed loans:						
Commodity Credit Corporation	317	518	600	7.28	10.91	8.10
FmHA agricultural credit insurance	61	107	174	3.44	3.95	4.52
Rural development insurance fund	82	60	50	2.96	2.42	2.38
Economic development revolving fund	5	152	8	1.92	71.87	6.23
Guaranteed student loans	1,475	1,380	1,724	3.97	3.57	4.26
Medical facilities	5	23	2	0.53	2.86	0.30
Health education assistance loans	18	23	30	1.86	1.82	2.08
Federal Housing Administration fund	2,906	3,009	3,141	1.39	1.19	1.04
MARAD ship financing fund	1,243	600	100	21.73	12.99	2.44
VA loan guarantee revolving fund	1,541	1,562	1,591	1.11	1.05	1.01
SBA business loans	457	475	465	5.32	5.45	4.79
Other	25	33	21	0.11	0.14	0.09
Total terminations	8,135	8,095	7,906	1.88	1.64	1.43

[1] Average of loans outstanding over year

As the president of a State university, I want to express dismay that the Department of Education has significantly reduced both its institutional and lender review activities in recent years. Since 1981 the Department has reduced the number of reviews conducted by 60 percent. Such a reduction has contributed to the default problem. Schools operating on the margin of the law and exploiting poor people can only be identified and eliminated from the program if the Department is actively meeting its monitoring responsibilities. This review process goes beyond looking at audit reports and the investigation of complaints by the Inspector General. In addition, all institutions and lenders can improve. Program reviews can help in that process.

We believe that the Department of Education should be required to conduct a program review of each institution and lender at least once every three years and to report annually to Congress with the results.

Finally, we urge the Department of Education to reestablish substantial programs of training and dissemination for lenders, guarantor agencies, students and parents, counselors and institutions. Just as students benefit from good information, the complexity of the student aid programs require substantial training efforts on the part of the Department for institutions, lenders and guarantee agencies.

Mr. Chairman, my testimony has concentrated on recommendations to halt the escalating cost of the GSL Program. My remarks have focused on what institutions of higher education and the Department of Education could do to reduce GSL defaults and improve program management.

Thank you for the opportunity to appear before you today. I am happy to answer any questions you might have.

January 19, 1988

Senator Claiborne Pell
United States Senate
Committee on Labor and Human Resources
SD 428, Attn: Mr. Powell
Washington, D.C. 20510

Dear Senator Pell:

I refer to your letter of December 31, 1987, relative to questions you would like me to respond to prepared by Senator Hatch for those who testified before your Subcommittee on GSL defaults. I will respond in the order listed on Senator Hatch's request.

1. I believe the purpose of federal student financial assistance is to provide a source of funds, grants and/or loans, for American citizens to enable those with the talent to secure advanced post secondary educational opportunities. The program stems from keen interest in equalizing educational opportunities for traditionally under-represented groups in American Society: lower-income, women and minorities; from concerns that American educational opportunities at post secondary levels not become an elitist opportunity only; and from awareness that in a democracy well educated citizens is a sine qua non. The facts are that where once these noble goals were attempted primarily through grant-in-aid programs, the reality today is that loans are now the chief instrument to achieve the goal of equal opportunity.

To me the GSL program and other federal financial aid programs are more than grant or loan programs. They are a very wise investment in America's future. The GSL program was organized to facilitate student borrowing and to overcome reluctance of private lenders to make uncollateralized loans, hence the provision of repayment guarantees.

The current cost in GSL defaults is a matter of concern. The concern should not change the purpose of federal financial aid programs. The concern should result in modifications in the program to reduce defaults.

It should also be pointed out that GSL began as essentially a loan program for non-needy families and it has now become an important source of funds for low-income as well as middle class students who are forced to obtain loans to attend college.

2. I want to deal with the default problem. By this statement I mean that I want:

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- to be involved in the solution
- to make suggestions related to lowering the cost and the rate of defaults

3. The GSL default rate at the University of South Dakota has not been an embarrassment to the University. The default rate for the University has actually declined in each of the last two years. I see no trends indicating any conclusion one way or the other. I do see tremendous confusion relative to understanding how to compute a default rate. Senator, there are currently two methods of computing GSL default rates--the FFIS cumulative default rate and the DOE cohort rate. I would ask you to have your staff explain each to you and then you would come to understand why there is general confusion on just what an institution's default rate is. I would also point out that neither default rate is recognizable by the public which is more familiar with what banks use in their commercial loans. Why not go to a system used by commercial lenders so the public and institutions involved could better comprehend the issues. We need to establish a system that the public understands and then study students defaulting on their loans so that we can make intelligent statements relative to GSL profiles. For now we are all guessing and relying on impressionistic and anecdotal evidence and it is no wonder that the public is confused.

4. I couldn't agree more with your statement relative to the need to know more about students who default. As I suggested in my testimony why not push the DOE to create a national student data center which was previously authorized by Congress but not as yet implemented. The data we do have is incomplete, often inaccurate, and most importantly confusing. We are all guessing because none of us have the data and in such a situation we are not being accountable to the people of the United States. Since we do not have the data, how can we discuss the "typical defaulter."

5. A good question that a national student data center should pursue. Otherwise we provide educated guesses at best. Most institutions have never seen a list of their students in default let alone being able to discuss typical students in federal student aid programs. What we do know is that borrowing on the part of our undergraduates is much more common than it was when the GSL program was instituted.

6. Again, this question is a good question, but lacking data how could anyone answer this with confidence and without the facts necessary to support conclusions.

7. In our opinion, income-contingent loans will probably affect default rates. Now on what data is our opinion based? There is no data, it is an impressionistic opinion. Our concerns are based on: stiff repayment requirements; over who manages repayment schedules; and institutional staff support required to implement such a program.

The question focuses on income-contingent loans and we think the issue should be seen in a larger context. The issue really is one of considering whether we should protect students against the risks of borrowing. This question, which is only partially addressed by an income-contingent loan, merits our attention.

8. Our response to the following proposed measures relative to their impact on ability to maintain and attract private capital into the program is as follows:

a. reduction of insurance to the lender - not compatible with retaining sufficient participation of private capital.

b. further reduction of reinsurance for guaranty agencies beyond that in 1986 legislation - not familiar enough with 1986 legislation and its impact on guaranty agencies to comment.

c. other risk sharing proposals - we must be careful to introduced disincentives that drive away private capital. The GSL Program contains sufficient incentives.

d. requirement of uniform guaranty fee - not sure what the purpose of this fee would be or who would pay it, so am unable to comment.

e. increased due diligence proposals - fair minded-ness dictates that private lenders exercise the same due diligence in collecting student loans as they do on any other commercial loan.

If there was some way of strengthening the address correction procedure so lenders could keep better track of their clients, it would be most helpful. Perhaps consideration should be given to adding legislation that would permit and encourage institutions to provide changes of address that they were aware of to lenders and guarantors.

9. There is no question of institutional responsibility in the GSL Program. We have an obvious vested interest. Just think, if the funds we are now using for repayment were made available to low income and minorities what they would do! I am Chair of a NASULGC Subcommittee on Federal Financial Aid. Our subcommittee offered the following suggestions with which I strongly concur and which I believe outlines somewhat just what institutions might reasonably be expected to do to improve the situation. I present our suggestions here for your consideration:

. Mandatory counseling for GSL

. Borrowing could be restricted for students attending institutions with high default rates that have undergone a program review and LS&T procedures have been followed.

. Cooperation with lenders where appropriate e.g., provide NDSL information to GSL lenders.

- For first-time borrowers, loan proceeds to be used for tuition and other institutional charges could not be disbursed sooner than one week before classes officially begin.

- Place a hold on transcripts on students in default on GSL.

There is no question that we must be concerned with heightening the responsibility of institutions and the distinct possibility that one result may well be interference with our main responsibility of educating students and maintaining education quality.

10. The University of South Dakota's experience has been that our default rate has declined. I have no way of knowing if the changes in due diligence and multiple disbursement had a positive effect. More study is needed.

11. As I pointed out in my response to number 1, GSL is obviously more than a loan program. I am on a Board of a bank and I can tell you we make few if any loans without a credit check and with no collateral requirements. The GSL program is essential to the well-being of our country because it is an investment program as well as a loan program.

I see no reason why the vast majority of institutions should not be able to maintain a default rate below 10%; however no institution should be eliminated from the program solely because of their default rate.

There is no question that funds spent on default could be better utilized in grant programs for students. So let us get moving on improving this situation in the GSL program.

12. Absolutely! The DOE should develop and publish an annual default rate for GSL so that the year-to-year changes in default activity might better be measured and to allow for comparisons with other types of consumer loans. The annual rate of calculation should include a net default rate that reflects the amount of collections on defaulted loans. We should be using a default rate that is comparable with that used by commercial lenders and one that is more easily computed and understood by the public.

13. I would expect banks to exercise the same due diligence on GSL loans that they use on other commercial loans. The questions of the hour is do they or are they less diligent since they know they cannot lose.

Since I am not a banker and no research is available on banking experience with due diligence on GSL defaults, I find an answer to this question impossible. You can be sure that I will be asking these questions of the bank on whose board I sit.

14. Less than full insurance or reinsurance for lenders will be seen as a disincentive and will reduce private funds available for the GSL program. I believe their are incentives enough for serving high risk students.

15. Institutions that have no admissions standards ought to be concerned about the ability to benefit from programs offered. At the minimum they should be required to provide student support systems to insure that students who apply themselves can succeed. Institutions with admission standards should be required to show that the standards are related to admitting students who can succeed, with the level of support services provided. The University of South Dakota has high admission standards, offers minimal student academic support services for dificiencies and has a very low default rate. I worry about institutions that admit just about anyone and provide minimal academic support services.

16. The result in my opinion will be that net default rate will decrease and cost of collection will increase.

17. My institution will soon begin witholding transcripts of our former or current students who may be in default. I say soon because we have just requested and received the list of students in default. We first want to check the list out for accuracy and to see what we can learn by studying the list. Maybe we can develop a profile. Assuming we develop confidence in the list we will then withold transcripts. Again, we need data and we have none. I do not know how many former students will be effected if we withold transcripts. When we institute the procedure we will then have some data, however limited.

For dropout defaulters one would have to maintain diligence in the collection procedures. There does seem to be more relationship between later income prospects than there does to total amount of indebtedness. So this suggests a need to develop a forgiveness or reduction clause. In other words high levels of debt apparently is not the chief culprit in student defaults. Uncertain job prospects may well be more of a problem.

Maybe it is time to look into some consideration for the borrower and the risks they incur. Why not provide as alternatives to our current system, a longer repayment period and graduated payments which tends to provide a guarantee against the risk of being overburdened by low income prospects. Other possibilities to consider would be: longer grace periods; forgiveness for working in essential society need areas; and any combination of all of the above.

18. I find it nearly impossible to provide answers to the questions posed under #18. There is so little data and research that I do not understand how anyone can draw conclusions about a type of institution. We may be a doctoral granting public institution but how does that relate to our default experience? Within the national association that our University belongs to, NASULGC, the DOE Cohort default rate ranges

from 50% to zero, with all points covered inbetween. The vast majority are under 10%, yet is is very difficult to draw conclusions based on type of institution when one reviews the data.

19. I believe the standards proposed for increasing responsibilities by guaranty agencies in preventing defaults is not compatible with the standards proposed by GAO for determining the sufficiency of agency reserves. The case in point is the experience of the South Dakota guarantor agency. The reserve requirements worked out with the bonding authorities are higher than what GAO has proposed causing the South Dakota agency to discontinue making new GSL loans and creating confusion and concern.

Thank you for the opportunity to respond to Senator Hatch's questions. I do not pretend to be an expert on these items, I did intend on providing common sense and sincere responses that reflected the thinking of myself and my staff. If further clarification or additional questions are raised, we would be most willing to assist your Subcommittee in its deliberations.

Yours sincerely,

Joseph McFadden

Joseph M. McFadden
President

JMM/eh

Senator **Pell**. Sister Matesich? And I would welcome Sister Matesich here, because we have the only Dominican college, I think, in the United States, in Providence, and you are our sister institutions.

Sister **Matesich**. That is right, and it is my pleasure to be here, Mr. Chairman.

I am Sister Mary Andrew Matesich, president of Ohio Dominican College, representing the National Association of Independent Colleges and Universities, which consists of more than 800 colleges and universities.

I am grateful to be able to appear before the subcommittee to thank you and to thank the American people through you for making it possible for millions of students to receive a college education.

Let me describe two Ohio Dominican College students you have helped through the Guaranteed Student Loan Program.

Eddie, a black student from a large Ohio city, graduated last May with a degree in accounting. His father is disabled. The parents supported their family with Social Security benefits for which Eddie was not eligible. Eddie had Pell and Ohio instructional grants, and additional grant aid from Ohio Dominican. He worked on- and off-campus, borrowed under both the Perkins and GSL Programs. His student debt burden at graduation was approximately $13,500. He found a job with a local accounting firm with a starting salary of $18,000. On graduation day, that boy's father told me with tears in his eyes that that was more than he had ever earned his entire life. The Guaranteed Student Loan Program helped make this possible.

Irene was a battered wife who was so desperate for a divorce that she took no money out of the marriage. With a 3 year-old child, she is trying to make it on a secretary's pay of about $13,000. She pays over $2,000 annually for child care, is paying off credit card debts inherited from the divorce, and has car and insurance payments. As a part-time student, she gets a small Pell grant and some Ohio Dominican grant support. However, without her GSL, she would not be in school. Yet an education is essential for her to improve her present situation.

In working with students like Irene and Eddie, Ohio Dominican begins financial planning before the student enrolls. A financial aid counselor will visit a family like Eddie's, sit down at the kitchen table and work through all the forms. Our counselor carefully explains the difference between grants and loans and makes clear that the student will have to work conscientiously at a campus job in order to earn the work-study money.

We have thoroughly trained our admissions and financial aid staff to work with such families because we are committed to serving students who are the first generation in the family to attend college. In this respect, Ohio Dominican is like many, many independent nonprofit colleges who are served most extensively by title IV student financial aid programs. We have low-income students, we have minority students, we have students for whom the experience in our institutions is really a way to improve their situation. And there is detail in the testimony about the kinds of students we do serve.

Last year, our students borrowed more than $900,000 in the Guaranteed Student Loan Program. This program truly provides the portal of opportunity, the gateway to an education, for hundreds of needy students at Ohio Dominican and hundreds of thousands like them at other NAICU colleges across the country.

Now, we believe that people who borrow money should pay it back. In doing everything possible to collect, however, we must avoid denying opportunity to the truly needy students for whom the program exists. The written testimony describes some things the Association and my college have done to improve collection, but we are here today to talk about legislative solutions to the default problem.

The Congress and this committee in particular are to be commended for legislative solutions enacted in the Higher Education Amendments of 1986. We would agree with previous panelists that this is going to have an impact on default rates. It is too soon to see it yet.

I would like to make the following eight suggestions—some of them are legislative, some are procedural—which we think might help.

First, adopt a net default rate definition.

Second, give colleges accurate and timely information on defaulters.

Third, provide information on the collection performance of lenders as well as guarantee agencies, so we can direct students where their loans will be served well.

Fourth, incorporate lender participation in exit counseling to create a link between the borrower and the lender when the borrower leaves school.

Fifth, encourage local and regional contacts among lenders, guarantee agencies and college personnel.

Sixth, reduce the 100 percent insurance to lenders.

Seventh, reduce the reinsurance rate to guarantee agencies and develop a sliding scale that creates further incentives for performance.

And eighth, we make a suggestion about looking at the timing of the reinsurance payment. Explore cutting the near-term cost to the Treasury by default reinsurance through some such mechanism as the following.

Establish an interim period of perhaps a year after the lender brings the loan to the guarantee agency because of inability to collect after due diligence. Instead of buying the loan immediately, let the guarantee agency make the regular loan payments to the lender while trying to get the account into collection.

According to the Ohio Student Loan Commission, approximately 25 percent of defaults are brought into collection within 1 year. These loans could either be returned to the lender or the lender could pay the agency a fee to continue the collection.

Thank you very much, Mr. Chairman. I got carried away on my scheme, but I will be happy to address it further later, since my time is up.

Senator PELL. Fine. Thank you very much indeed.

[The prepared statement of Sister Matesich follows:]

TESTIMONY
TO THE
SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES
OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

PRESENTED BY
SISTER MARY ANDREW MATESICH
PRESIDENT
OHIO DOMINICAN COLLEGE

ON BEHALF OF THE
NATIONAL ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

DECEMBER 18, 1987

Mr. Chairman and Members of the Subcommittee:

I am Sister Mary Andrew Matesich, president of Ohio Dominican College, representing the National Association of Independent Colleges and Universities (NAICU) which consists of more than 800 colleges and universities.

I am grateful to be able to appear before the subcommittee to thank you, and to thank the American people through you, for making it possible for millions of students to receive a college education. Let me describe two Ohio Dominican College students you have helped through the Guaranteed Student Loan (GSL) Program. These are true stories, although some identifying characteristics have been changed.

Eddie, a black student from a large Ohio city, graduated last May with a degree in accounting. His father is disabled. The parents supported their family with Social Security benefits for which Eddie was not eligible. Eddie had Pell and Ohio Instructional grants, and additional grant aid from Ohio Dominican. He worked on and off campus, and borrowed under both the Perkins and GSL programs. His student debt burden at graduation was approximately $13,500. He found a job with a local accounting firm with a starting salary of $18,000. On graduation day, Eddie's disabled father told me with tears in his eyes that that was more money than he had ever earned in his life. The Guaranteed Student Loan program helped to make this possible.

Irene was a battered wife who was so desperate for a divorce that she took no money out of the marriage. With a three-year-old child, she is trying to make it on a secretary's pay of $13,019. She pays $2,340 annually for child care, is paying off credit card debts inherited from her divorce, and has car and insurance payments. As a part-time student, she gets a small Pell grant and some Ohio Dominican grant support. However, without her GSL, she would not be in school. Yet an education is essential for her to improve her present situation.

In working with students like Irene and Eddie, Ohio Dominican begins financial planning before the student enrolls. A financial aid counselor will visit a family like Eddie's, sit down at the kitchen table, and work through all the forms. Our counselor carefully explains the difference between grants and loans, and makes clear that the student will have to work conscientiously at a campus job in order to earn the work-study money. We have thoroughly trained our admissions and financial aid staff to work with such families because we are committed to serving students who are the first generation in the family to attend college.

In Ohio, half the independent nonprofit institutions serve student bodies where a majority of the students are the first generation in college. It is schools like Ohio Dominican, several hundred of us across the country, whose students are served most extensively by Title IV Student Financial Aid programs. We want to do everything in our power to make these programs work as well as possible.

Last year at Ohio Dominican, nearly half our students had Guaranteed Student Loans. Nearly a quarter of degree candidates received Pell Grants. In the 1986 freshmen class, only 31 percent had fathers with college degrees. U.S. minority groups are well represented in the student body. In 1986-87, 6.1 percent of our students were U.S. Hispanics, 12.6 percent non-Hispanic Blacks, and 0.6 percent other minorities, for a total American minority enrollment of 229 or 19.3 percent. Most of our students come from families of modest means, with 30 percent of freshmen estimating family income below $25,000 and only 18 percent estimating it at $60,000 or more. Last year, Ohio Dominican students borrowed more than $900,000 in the Guaranteed Student Loan program. This program truly provides the portal of opportunity, the gateway to an education for hundreds of needy students at Ohio Dominican, and hundreds of thousands like them at other NAICU colleges across the country.

We believe that people who borrow money should pay it back. In establishing federally guaranteed loan programs, you, our leaders, recognized a need that the private sector could not meet without assistance, since many needy people could not otherwise borrow for an education. This social purpose, accomplished through the guarantee, recognizes that some people wouldn't get credit because they might not be able to repay. GSL defaulters include those who can't pay as well as those who won't. In doing everything possible to collect from the second group, we must avoid denying opportunity to the truly needy students for whom the program exists.

The NAICU Board has adopted the following policy statement on the GSL default problem after discussions by its Government Relations Advisory Council and its Board:

> We call upon the Congress to reject any proposals that penalize colleges and universities on the basis of institutional default rates, since they are neither the lenders nor the borrowers. As institutions of higher education, however, we stand ready to use whatever means are

within our power to lower the default rate. We will also work with Congress and the administration to devise ways to assist lenders, guarantee agencies, and the federal government to develop regulations and procedures to improve the collection of these loans.

We also call upon the 100th Congress to undertake a thorough review of the Guaranteed Student Loan program with the goal of enacting provisions that are responsive to this rise in student loan defaults. In particular, we urge the Congress to reaffirm its commitment to support access to higher education for low-income students through a more reasonable allocation of funds to grants.

In addition, NAICU was a driving force in initiating the interassociation letter sent to all presidents by the American Council on Education on October 28. More recently, NAICU has written to each member college with specific information as cited in the National Governors Association study and the Secretary of Education's listing. Through the State Association Executives Council, NAICU is encouraging further initiatives to address the GSL default problem at the state and regional level.

We are here today to talk about legislative solutions to the default problem. The Congress, and this committee in particular, are to be commended for legislative solutions enacted in the Higher Education Amendments of 1986. Such actions as multiple disbursement, copayment to the school as well as the borrower, sharing of the names of defaulters with the school, greater collection efforts, and entrance and exit interviews with GSL borrowers should all help to reduce default rates in the future. But the problem is now. The following suggestions, some legislative and some procedural, are worth exploring for their short-term and long-term impact on either the default rates, the costs to the Treasury, or both:

1. Adopt a common, simple definition of net default rate that provides incentives for institutional cooperation with guarantee agencies to get defaulted borrowers into payment. The state guarantee agencies are forming task forces to do this right now.

2. Give colleges accurate and timely information on defaulters, updated when these defaulters enter repayment. Ideally, we should get a single roster at least quarterly that incorporates from all guarantee agencies the names and repayment status of all defaulters who attended our institutions. Among other things, this will permit us to identify potential defaulters now in our student body by comparing their characteristics to those of the defaulter pool. Currently, Ohio Dominican receives information only from the Ohio Student Loan Commission and the Massachusetts Guaranty Agency, and these rosters do not identify defaulters who have resumed payment or indeed have paid in full.

3. Provide information on the collection performance of lenders as well as guarantee agencies so colleges can direct student borrowers to lenders and agencies who will follow up with effective collection efforts, helping us to reduce default rates.

4. Incorporate lender participation in exit counseling by way of telephone, videotape, personal letter, or direct interview so an immediate link is created between lender and borrower when the borrower leaves school and enters repayment status.

5. Encourage local and regional contacts among lenders, guarantee agencies, and college personnel. Most students attend college within fifty miles of their homes. If they also borrow locally, all parties can work together to reduce default rates. As it is, there are tremendous regional differences in default rates, as can be seen by comparing Ohio and Indiana to Michigan, Kentucky, West Virginia, and Pennsylvania.

6. Reduce the 100 percent insurance to lenders and develop a sliding scale whereby lenders with high default rates will have more incentive to improve their collection efforts.

7. Reduce the reinsurance rate to guarantee agencies and develop a sliding scale that slides further down. Now the reinsurance reaches 80 percent when the agency's default rate exceeds 10 percent, and never drops below 80 percent no matter how bad the record.

8. Explore cutting the near-term cost to the Treasury by default reinsurance through some such mechanism as the following: Establish an interim period of perhaps a year after the lender brings the loan to the guarantee agency because of inability to collect after due diligence. Instead of buying the loan immediately,

> let the guarantee agency make the regular loan payments to the lender while trying to get the account into collection. According to the Ohio Student Loan Commission, approximately 25 percent of defaults are brought into collection within one year. These loans could either be returned to the lender, or the lender could pay the agency a fee to continue the collection. The insurance on these loans would never be collected and they would never go permanently into default. Much federal money would be saved on these loans. For the other 75 percent of loans that would not come into collection within a year, the cost would be somewhat greater since interest and special allowance would continue during the intervening period. This proposal should be analyzed in detail and perhaps pilot-tested with a few agencies. We think it would substantially reduce the drain on the Treasury in the first year. It would also significantly cut the default rate, perhaps by one-fourth.

While you in Congress craft legislative solutions to the national problem, we will be working with our own borrowers at Ohio Dominican. The conversations I have had in recent weeks with lenders, people from the guarantee agencies, financial aid experts, and people from other colleges and universities have helped me understand the system better and come up with ideas to help.

Ohio Dominican will do even more pre-enrollment counseling. We will intensify activities to encourage parents to save for college. We will continue to help students pursue all grant opportunities and find part-time jobs so they will borrow less. We will work with lenders to improve exit loan counseling.

We will reach more seniors with job search training and placement assistance so they can get good jobs soon after graduation and begin paying off their loans. We will meet regularly with lenders and guarantee agency people so we can work together effectively to reduce defaults. Once we get accurate, complete, and updated lists of continuing defaulters, we will not only hold their transcripts, but we will also write to them and urge them to pay back their loans.

In an ideal world, students like Eddie and Irene would not have to borrow tens of thousands of dollars to get the college education that is best suited to their needs and talents. Anything Congress can do to increase grant aid would be welcome.

Thank you for your commitment to student financial aid, and for your efforts to make the Guaranteed Student Loan program the best that it can be.

# # #

National Association
of Independent
Colleges and Universities

February 25, 1988

James W. Powell, Editor
Senate Committee on Labor and Human Resources
United States Senate
428 Dirksen
Washington, D.C. 20510

Dear Mr. Powell:

Please find enclosed a copy of Sr. Mary Andrew Matesich's response to the follow-up questions from your December hearing on GSL defaults.

I apologize for the lateness of these responses. We were not able to begin work on these questions until the end of January, and were delayed again by our annual meeting at the beginning of this month. I hope these comments are helpful to Senators Pell and Hatch. Sr. Mary Andrew and I look forward to working with you and Senator Pell to address the GSL default problem.

Sincerely,

John B. Childers

John B. Childers
Vice President for Government
Relations

Enclosure

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Response to Hatch Questions
by Sister Mary Andrew Matesich
President of Ohio Dominican College

1. What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

The purpose of federal student financial assistance is to provide equal educational opportunities for all regardless of financial background or economic status. This assistance not only benefits the student but benefits the nation as a whole by providing the opportunity for millions of students to receive an education. The current GSL default problem, while grave,would not be solved by changing the purpose of our student aid programs or by denying access and choice to students who want to attend a college or university.

2. What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both?

We want to both lower the cost to the taxpayer and reduce the rate of default where high costs and high default rates are the result of students who won't pay. People who borrow money should pay it back. However, GSL defaulters include those who can't pay as well as those who won't. In doing everything possible to collect from the second group, we must avoid denying opportunity to the truly needy students for whom the program exists.

3.What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

Colleges and universities have never been informed who, of their former students, have defaulted, nor have the guaranty agencies shared any information regarding "institutional" default rates. As we do not make nor collect the loans, the concept of an institutional default rate seems to be a misnomer. In short, we do not know how the rate has changed over time as we have not been kept informed by those parties responsible for collection.

4. Who is the defaulter? Is there a "profile", i.e. are there one or more typical demographic characteristics of a student borrower who defaults?

The typical defaulter is hard to define. There seems to be two classes of student loan defaulters - those who won't pay and those who can't pay. In Ohio, half of the independent non-profit institutions serve student bodies where a majority of the students are the first generation in college. As a result many of these students come from economic backgrounds where the parent and student contribution is small. Both federal and institution grants, as well as part-time employment, provide assistance for students but many students are still forced to take out loans to cover their educational expenses.

If the student does not graduate, or is not able to find employment, he or she may be unable to repay his or her loan. The admissions criteria and quality of education at Ohio Dominican and other non-profit independent institutions is targeted to ensure that only those students capable of completing their education are admitted to the institution, and that those who graduate will be well prepared to pursue their career goals. Any measures that are adopted to alleviate the problem of defaults should consider that sound admission practices and retention efforts play a vital role in future ability to repay.

5. Is there correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical student aid package?

Students at independent non-profit institutions are served most extensively by Title IV Student Financial Aid programs. Last year at Ohio Dominican, nearly half of our student had GSLs. Nearly one quarter of our students received Pell grants. Most of our students come from modest means, with 30 percent of the freshmen estimating family income below $25,000. Last year Ohio Dominican students borrowed more than $900,000 in the GSL program.

For the neediest student a typical student aid package begins with a Pell grant. Added to that at our institution is a grant from the institution. Last year independent colleges and universities awarded an estimated $3 billion in grants to needy students, a 300% increase since 1979. Students also receive College Work Study awards prior to calculating the necessary loan to complete the aid package.

Financial aid administrators take individual family circumstances into account when determining an aid package, if the necessary resources are available to do so. Keeping loan burdens small for students who come from poverty or low income families has always been a goal of our institutions. It is our intent to help these students break out of the cycle of poverty from which they came. Large loan burdens work against that goal. But, when grant resources are limited, even with large institutional grants supplementing federal dollars, this goal is not always realized.

Because of the lack of increases in our federal grant and College Work Study programs, our financial aid administrators often do not have the flexibility or the options to direct non-loan assistance to the poorest students. A financial aid package for these students which relies more heavily on grants is necessary to reduce the GSL default problem. And, the commitment to grants must continue through all years of schooling to prevent drop outs and allay student fears of "bait and switch" aid packages that will eventually result in unmanageable loan burdens in the upperclass years.

6. Is there a correlation between the default profile and the type of postsecondary institution attended? Recommendations concerning the appropriate student aid package at that type of school.

Studies have shown a correlation between the default problem and the type of institution attended. Vocational schools, community colleges, as well as the Historically Black Colleges, have shown high default rates. However, further examination of the makeup of the student bodies at these institutions shows that many of these institutions are serving historically underserved student populations who may not otherwise have an educational opportunity. Student aid packages for our nation's poorest students should emphasize, I believe, grant and employment assistance, instead of loans. However, I do not favor restricting the Pell grant to the first two years of attendance. That sends the message to students that the federal government prefers a two year degree to a four year or more college or university education. In this time of national competitiveness that is a very dangerous message to be sending to our youth.

7. A prominent proposal for change in the aid package is the proposal for "income contingent loans." Would supplementing or replacing GSLs with ICLs reduce default costs or rates?

ICLs could actually aggravate the problem. Those with the least ability to repay, will be expected to repay longer and therefore, will repay more than those who select high-paying jobs early in their careers. The ICL program seems also to be a disincentive for public service careers that are historically low-paying.

8. Comment on proposed GSL default measures (reduction of insurance to lender, reduction of reinsurance rate to guaranty agency, increased due diligence proposals). Would any of these cause increased costs to the student?

I support a reduction in the one hundred percent insurance to lenders. We need to develop a sliding scale whereby lenders with high default rates will have more incentive to improve their collection efforts.

Such a scale should be computed to provide sufficient incentive for increased collection practices and default prevention efforts, while simultaneously protecting the students' access by not proving to be so burdensome as to cause lenders to withdraw from the program.

I also support reducing the reinsurance rate to guaranty agencies and developing a sliding scale that does not have a lower limit. Currently, as you know, the reinsurance rate never drops below eighty percent, no matter how high the agency's default rate is.

I strongly advocate lender participation in exit counseling by way of telephone, videotape, personal letter or direct interview. This will establish an immediate link between the borrower and lender that can continue as the borrower enters repayment status.

As I testified during your Committee hearings in December, the Ohio Student Loan Commission reports that approximately twenty-five percent of defaults are brought into collection within one year. If an interim period could be established between the time the lender brings the loan to the guaranty agency and the loan goes into default, federal dollars could be saved. This saving would be realized because the insurance on the loans would never have to be paid and the loans would never go permanently into default. I propose that the guaranty agency, instead of immediately buying the loan from the lender, should make the regular loan payments to the lender while attempting to rehabilitate the loan.

Of my above suggestions, none would cause increased costs to the borrower. However, my last proposal should be further studied to determine the cost savings provided by potentially reducing the default rate by one-fourth, and the costs incurred by paying interest and special allowance on the other three-fourths of the loans which may not be rehabilitated during the one-year interim period.

9. What is the legitimate extent of institutional responsibility? As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

The NAICU Board has adopted the following position, which I share, regarding the institution's responsibility and the GSL default problem.

> We call upon the Congress to reject any proposals that penalize colleges and universities on the basis of the institutional default rates, since they are neither the

lenders nor the borrowers. As institutions of higher education, however, we stand ready to use whatever means within our power to lower the default rate. We will also work with Congress and the administration to devise ways to assist lenders, guaranty agencies, and the federal government to develop regulations and procedures to improve the collection of these loans.

We also call upon the 100th Congress to undertake a thorough review of the Guaranteed Student Loan programs with the goal of enacting provisions that are responsive to this rise in student loan defaults. In particular, we urge the Congress to reaffirm its commitment to support access to higher education for low-income students through a more reasonable allocation of funds to grants.

However, an institution of higher education is not a lender. Ohio Dominican will do even more pre-enrollment counseling. We will intensify activities to encourage parents to save for college. We will work with lenders to improve exit counseling. We will reach more seniors with job search training and placement assistance so they can get good jobs soon after graduation and begin paying off their loans. Once we get accurate, complete, and updated lists of continuing defaulters, we will not only hold their transcripts, but we will also write them and urge them to pay back their loans. However, as Congress wisely decided, institutions should concentrate on educating students. Increased institutional involvement in the loan collection process could interfere with the institution's prime objective of educating the student as well as provide opportunities for abuse.

10. What has been your experience with default rates as a result of multiple disbursement and other due diligence provisions of the 86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

It is really too early to tell what impacts the changes required in the '86 Amendments will have. We hope that the results will be positive.

11. What is a realistic expectation of the minimum default rate for the GSL program? Should the federal government continue this financial aid program? Would the taxpayers' dollars now being spent for default costs be better spent on grant programs and work study funds?

I would be hesitant to give an actual percentage above which the default rate would be unreasonable. The default rate depends on the population the program serves. The default rate for students who can afford to repay loans should be 0%. However, the default rate for students who can't repay their loans should be 100%.

I firmly believe that the default rate and the cost of the program should not dictate the program's worth. In my testimony during your Subcommittee hearings, I illustrated two of the hundreds of cases at Ohio Dominican where the student was receiving federal, state and institutional grant money and was employed, but still needed the GSL program to be able to attend school. Both of these students as well as hundreds of others have greatly benefited from the availability of the GSL program. While we must work to lower the costs of the program, we must not deny access and choice in education just because the price tag is above a certain figure.

I think everyone would agree, that given the choice between spending money on loan defaults or on student aid, we would spend it on student aid. However, if reducing the amount we spend on student loan defaults would deny education access and choice to other students, we have not accomplished the goals of student aid.

12. Do we need a uniform definition of default? What is your preferred definition and why? Once a uniform definition is established, if various policies or procedures dependent on a default rate are instituted, should the rate calculation be based on sufficient sample to ensure fairness?

We should adopt a common, simple definition of net default rate that provides incentives for institutional cooperation with guaranty agencies to get defaulted borrowers into repayment.

Since institutions neither make nor collect the loans, institutions should not be penalized on the basis of their default rate. However, this rate could be used to provide incentives for lenders and guaranty agencies to be more responsible in their due diligence efforts.

13. What is your definition of reasonable due diligence by lenders, by guaranty agencies, by the Department? How costly would be increasing current requirements? How cost-effective? What has been your experience in converting delinquent and defaulted accounts into paying accounts? What success has there been in litigating defaults? Is there a point at which due diligence becomes so onerous and costly for a lender or guaranty agency that either or both would limit student access or leave the program?

Just as we would not want lenders and guarantors to tell us the best way to improve the inner workings of the university, we do not have the breadth of knowledge to comment on this provision.

14. Although less than full insurance for lenders and guaranty agencies is sharing the risk, might these provisions discourage the serving of high risk students? Should there be incentives for serving high risk students?

There should be incentives for those lenders willing to take risks with high risk students, just as institutions should not be penalized for taking those risks. In looking at any penalties that may be imposed on lenders or guaranty agencies, the demographics of the population served must be a factor.

15. How much would eliminating the Ability To Benefit provision save on loan default costs? What would be the overall effect on the balance between welfare payments to the unemployed and income tax receipts?

The Department of Education would have more accurate information to answer this question. The Ability To Benefit provision, however, serves a population of our nation that would be otherwise unserved by higher education. Vocational education can provide students without a high school diploma the opportunity to obtain a career and support themselves and their families. However, we are all well aware of abuses to the ATB criteria. Admission under the ability to benefit provision should ensure that the student has the skills and background necessary to benefit from the vocational training offered at the school.

16. The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies. Will this result in a decrease in net default rate or cost?

We do not have the information necessary to provide an informed answer to this.

17. What is your estimate of the net costs savings of withholding transcripts? Can you suggest alternative measures for the case of the drop out defaulter?

Withholding of transcripts will have an impact, even with drop-outs. In order for a drop-out to continue at another school, especially if they are interested in receiving aid, they must have a transcript from any prior institutions. At the very least, this will allow institutions to provide a more current address to the entity attempting to collect the loan. The Higher Ed Amendments do address the problem of drop-outs with the requirement that the institution provide the lender with the most current student address available. The exit interview requirement also applies to drop-outs.

18. What is the legitimacy of applying differing measures or standards according to the type of institution? Should lenders, guaranty agencies, and ED be able to differentiate not by type of institution, but rather according to the default pattern of attendees and graduates of a specific institution?

Standards or measures of default should not be altered to reflect the type of institution and should not be institution-specific. However, these standards and measures should vary on the basis of the students served by a particular institution. In other words, just because a school is an Historically Black College or University, or a cosmetology school, does not mean they should automatically be allowed a higher default rate. However, if a significant portion of their student body is made up of those in high-risk of defaulting, then their default rate should be examined in light of the population they serve.

19. To what extent are proposals for increased responsibilities by guaranty agencies compatible with the standards proposed by the GAO for determining the sufficiency of agency reserves?

Just as we would not want lenders and guarantors to tell us the best way to improve the inner workings of the university, we do not have the breadth of knowledge to comment on this provision.

Senator **Stafford**. Mr. Chairman, could I ask the Sister just one question?

Senator **Pell**. Yes.

Senator **Stafford**. How large is the student body of your institution?

Sister **Matesich**. We have about 1,200, Senator Stafford, so we have almost 600 on Guaranteed Student Loans.

Senator **Stafford**. Thank you very much.

Sister **Matesich**. You are welcome.

Senator **Pell**. And these specific suggestions of yours and Dr. McFadden's and the others will be very carefully examined by us.

Sister **Matesich**. Thank you.

Senator **Pell**. Thank you very much.

Ms. Dorian, representing the National Association of Accredited Cosmetology Schools.

Ms. **Dorian**. Thank you.

Mr. Chairman and members of the subcommittee, I am Janice Dorian, financial aid officer for the Mansfield Beauty Schools located in Quincy and Springfield, MA. I am also a member of the Board of Directors of the National Association of Accredited Cosmetology Schools, a member of the Advisory Committee and Loan Council Task Force of Massachusetts Higher Education Assistance Corp., and chairman of the NAACS Loan Council Task Force. I am pleased to testify before you today.

NAACS is an organization representing more than 849 accredited cosmetology schools located in all 50 States. Presently, NAACS member institutions educate more than 43,000 students annually in cosmetology. NAACS is the only national trade association representing the cosmetology education industry, and my comments today represent the views of our association.

In approaching defaults, NAACS urges the committee to avoid some of the shortsighted, easy solutions put forth by Secretary Bennett and others. NAACS believes that the primary goal of the Guaranteed Student Loan Program should be to promote access to higher education for students who would be unable to attend school without Federal assistance.

Most schools do not know what their default rate is. Schools who have received their default rate and examine their default lists have reviewed many errors, such as refunds made but not recorded.

Besides numerous errors, a study of our own institution's default list has shown the majority of our students who have defaulted have graduated from school. More than one-half of the total dollars borrowed went directly to the student for living expenses, and many of the loans were made payable to the student and mailed directly to the student.

NAACS strongly advises against Congress considering any legislation using institutional default rates to trigger punitive or restrictive measures against schools. Default rates should only be used as a guide to generate program reviews, which would lead to punitive actions only if deficiencies were found.

Guaranteed Student Loans are a partnership between students, schools, lenders, guarantee agencies, servicers and the Department of Education. When any one of the parties fails to fulfill their responsibility, default may occur. The default problem will not be solved by blaming any one segment of the GSL community. Rather, all parties must fulfill their responsibility for the program to work as intended by Congress.

The NAACS Loan Council Task Force is implementing loan counseling and default prevention measures that will attempt to reduce defaults in cosmetology schools. In the past year, the task force has taken the following steps: establishment of a code of ethics; development of loan counseling and default prevention material; a survey of guarantee agencies and schools; an informational session at the NAACS Convention, and a study of relationships of schools' administrative practices and institutional default rates.

My written testimony includes 16 legislative recommendations. I would like to mention six of those proposals today.

One, expedite implementation of the National Student Loan Data Base; second, a uniform and universal definition of default; third, allow institutions to repurchase defaulted loans; fourth, establish a clear role for institutions to encourage loan repayment; fifth, disallow institutions to redefine their academic year for GSL differently than the definition used for Pell; sixth, require commissioned salespersons to be compensated only on the basis of graduates and not on students recruited.

In addition to these recommendations, NAACS also suggests that serious consideration be given to reducing the use of GSL for living expenses. NAACS believes that GSL funds should be used primarily for direct educational expenses.

Finally, NAACS recommends that the Department of Education or the Committee authorize a study of the impact of current welfare regulations and student loan repayment. NAACS believes that serious contradictions exist between welfare regulations and current GSL policy. Borrowers may be discouraged from accepting employment with sufficiently high income to repay a GSL for fear of losing welfare or food stamp eligibility.

The bottom line: Please do not eliminate educational opportunities for students wishing to pursue careers in cosmetology.

NAACS very much appreciates the opportunity to testify on behalf of its member schools and more than 43,000 students enrolled in NAACS institutions. We urge the Committee to keep in mind the primary objective of Federal student aid programs: to create educational opportunity where economic factors prevented it.

Our association pledges its support for your efforts to address the default problem.

Thank you. I would be happy to respond to any questions.

Senator **Pell**. Thank you very much for your testimony, Ms. Dorian.

[The prepared statement of Ms. Dorian and responses to questions submitted by Senator Hatch follow:]

NAACS
National Association of
Accredited Cosmetology Schools

STATEMENT OF

JANIS DORIAN

OF MANSFIELD BEAUTY SCHOOLS

REPRESENTING

THE NATIONAL ASSOCIATION OF ACCREDITED COSMETOLOGY SCHOOLS

BEFORE THE

SENATE SUBCOMMITTEE

ON EDUCATION, THE ARTS AND HUMANITIES

WASHINGTON D.C.

DECEMBER 18, 1987

WASHINGTON OFFICE:
5201 LEESBURG PIKE, SUITE 205, FALLS CHURCH, VA. 22041 (703) 845-1333

Mr. Chairman and Members of the Subcommittee, I am Janice Dorian, Financial Aid Officer for the Mansfield Beauty Schools, located in Quincy and Springfield, Massachusetts. I am also a member of the Board of Directors of the National Association of Accredited Cosmetology Schools (NAACS), a Member of the Advisory Committee and Loan Council Task Force of the Massachusetts Higher Education Assistance Corporation, and Chairman of the NAACS Loan Council Task Force. I am pleased to testify before you today.

NAACS is an organization representing more than 849 accredited cosmetology schools located in all fifty States. Presently, NAACS member institutions educate more than 43,000 students annually in cosmetology. NAACS is the only national trade association representing the cosmetology education industry, and my comments today represent the views of our association.

The subject of these hearings is the GSL default problem. NAACS, like other associations representing educational institutions, shares the concern of the subcommittee that the GSL program operates in the most cost-effective manner. This means that every effort should be made to minimize losses in the program due to student loan defaults.

In approaching defaults, however, NAACS urges the Committee to avoid some of the short-sighted easy solutions put forth by Secretary Bennett and others. NAACS believes that the primary goal of the GSL program should be to promote access to higher education for students who would be unable to attend school without federal assistance. If solutions are enacted that undermine this primary goal by eliminating loan access to needy students, the Committee's efforts will have failed.

THE FFIS STUDY AND THE DEPARTMENT OF EDUCATION DEFAULT STATISTICS ARE INACCURATE

The publication "Report on Federal Guaranteed Student Loan Defaults by Postsecdondary Education," authorized by Federal Funds Information for States (FFIS), has raised deep concerns in the cosmetology school community. While it utilizes the only default statistics currently available from the Department of Education, those statistics are nonetheless seriously flawed. NAACS believes that the FFIS statistics, and those published by the U.S. Department of Education, provide a distorted picture of default in the GSL program generally, and administration of the program in many institutions, specifically.

Before I address several recommendations of NAACS on how to reduce student loan defaults, I want to share with the Committee a few of the major problems and errors found in the FFIS study:

1. The data used in the FFIS study was incomplete. The statistics were derived from data shared with FFIS by the U.S.

Department of Education. The Inspector General at the Department stated in a memorandum to the Department in March, 1987, that the data was flawed and that "use of the current data will result in the Department of Education making incorrect decisions" in administering the Guaranteed Student Loan Program.

2. The FFIS study disagrees with data compiled by State agencies. For almost every state, some schools are shown that are no longer in existence and others currently in existence are not shown. One state, Mississippi, found that every entry for schools in the State was wrong and that no entry was shown for forty schools.

3. The methodology used in the study grossly exaggerated the default rate. Because the study compared "gross dollars distributed to defaulters" with "total dollars in repayment", no credit was given for payments made by students who later defaulted. At my school, we find that most defaulters make at least one or two payments. Under the FFIS methodology, a borrower of $10,000 in GSL who paid back $9,000 and then defaulted, would show up as a $10,000 default. Also, because any loan repaid in full having never been in default, would not be included in "dollars in repayment", the denominator of the formula also decreases the repayment rate shown as occurring.

4. The FFIS statistics show gross rather than net default

rates. Because no credit is provided for payments received from borrowers after default, default rates are grossly overstated. The Department of Education, for example, admits that the net GSL default rate was 7.6 percent for FY 1986 and is projected to drop to 6.9 percent.

SCHOOLS DISAGREE WITH THE CONCEPT OF AN "INSTITUTIONAL DEFAULT RATE"

Up until recent months, the term "institutional default rate" was a term that was applied almost exclusively to the Perkins Loan Program, where the school serves as the lender. The application of an "institutional default rate" to schools is viewed as grossly unfair by most schools for three main reasons:

1. The school is not the lender.
2. The school is not the borrower.
3. The school has extremely limited opportunities to effect the repayment of the loan.

Because of the limited role that schools can play under current law encouraging former students to repay their loans, NAACS strongly recommends that punitive or restrictive measures should not be based exclusively on default rates.

MOST SCHOOLS DO NOT KNOW WHAT THEIR "INSTITUTIONAL DEFAULT RATE IS"

When the FFIS statistics were published I, like most other cosmetology schools, rushed to see what our default rate was. We had difficulty in identifying our school and were afraid that lenders or our guaranty agency might confuse us with another school with a name similar to ours. Neither of our two schools appeared on the list.

When the Department of Education list was published in connection with the announcement of Secretary Bennett's default initiative, only one of our schools apparently made the list. The school shown indicated that 55 students were in repayment. This does not correspond with the information we have for either of our two schools. The Department of Education statistics, according to the formula stated in the Department's report, showed our school as having a 3.6 percent default rate, with only two students in default.

Mansfield Beauty Schools received its default rate from the Massachusetts Higher Education Assistance Corporation (MHEAC). The MHEAC formula to calculate defaults used the total loan volume for the denominator and total dollars in default for the numerator. Apparently, an error occurred five years ago which resulted in data from our Springfield campus being entered into data from our Quincy campus on numerous instances. One campus listed approximately 130 students in default, when in actuality approximately 39 students attended that campus. This mixing of data results in my school having no idea of what our actual default rate is. In order to get a proper default they would have to go back and recalculate total volume for each campus as well as for those students who defaulted. (The word "approximately" is used because we cannot identify some of the names listed as attending either of our institutions).

NAACS believes that other errors of a similar nature are distorting the default rates of hundreds, if not thousands of other schools. Several examples of factual and methodological errors distorting the data are as follows:

1. Refunds were made but never recorded on borrower's record used to calculate defaults.

2. Refunds were incorrectly recorded as borrower payments rather than refunds.

3. Loan amounts made to borrowers for earlier programs of study at other institutions are credited to the last institution the borrower attended.

4. Loans paid in full after default, remain shown as a

default loss.

5. In cases where the borrower has made partial payment -- actual loan indebtedness is less than the amount borrowed -- the paid amount recorded remains $0.

In attempting to determine the accuracy of an institutional default rate quoted by the Department of Education or individual guarantors, many schools have requested lists of their students shown to be in default. At Mansfield, we found on our lists that the information shown is very incomplete and frequently wrong. For example, our list did not show start dates, graduation dates, repayment dates, and total loan borrowed. It was therefore difficult to identify students as well as to verify information for accuracy.

A preliminary study of our defaulters revealed:

1. Sixty-eight percent of students attending our Quincy location graduated and seventy-five percent at our Springfield location;

2. At our Quincy and Springfield locations, forty-three and sixty eight percent of the total dollar volume borrowed under GSL respectively, went directly to the student for living expenses. In many cases the total loan went to the student for indirect

education expenses; and

3. Many of the loans included in our cumulative default rate were loans that were made payable to the student and mailed directly to the student.

NAACS STRONGLY ADVISES AGAINST CONGRESS CONSIDERING ANY LEGISLATION USING INSTITUTIONAL DEFAULT RATES TO TRIGGER PUNITIVE OR RESTRICTIVE MEASURES AGAINST SCHOOLS. DEFAULT RATES SHOULD ONLY BE USED AS A GUIDE TO GENERATE PROGRAM REVIEWS, WHICH WOULD LEAD TO PUNITIVE ACTIONS ONLY IF DEFICIENCIES WERE FOUND.

As the Committee proceeds with its work on default legislation, I strongly urge that the following first be determined:

1. That default rates used are fair and accurate.

Current default rates, as I have noted earlier are considerably flawed. They also do not reflect recent program experience because they consider the cumulative default rate rather than that of the most recent program year.

2. That consideration is built into the default rates of the nature of the student population served; i.e., a school with excellent administrative practices serving a large percentage of

low-income students may have a higher default rate than a school with poor administrative practices serving low-risk borrowers.

The nature of the student population served by many cosmetology schools, trade and technical schools, and community colleges makes maintenance of a low default rate extraordinarily difficult, if not impossible.

3. Lenders, servicers, and secondary markets are fulfilling their responsibilities under the Act to perform due diligence, process refunds received from schools, provide timely and accurate information to students (particularly on unemployment deferments and forebearence), and answer any other questions the borrower might have.

Frankly, one of the biggest frustrations of educational institutions in discussions of institutional responsibility for defaults is the common knowledge that in many cases defaults are caused not by students but by lack of adequate communication between lenders, guarantors, servicers and secondary markets. Schools are frustrated when address changes and other borrower information is sent to lenders and then appears to disappear, resulting in the borrower being defaulted as a "skip."

GUARANTEED STUDENT LOANS ARE A PARTNERSHIP BETWEEN STUDENTS, SCHOOLS, LENDERS, GUARANTY AGENCIES, SERVICERS AND THE DEPARTMENT OF EDUCATION. WHEN ANY ONE OF THE PARTIES FAILS TO FULFILL THEIR RESPONSIBILITIES, DEFAULT MAY OCCUR

Failures on the part of any one of the six partners in the GSL program can result in default. The following are examples of failures that may cause a GSL default:

1. Student:

a. fails to achieve satisfactory progress and/or drops out.

b. fails to report changes in address, name, or graduation date to the lender.

c. fails to understand his/her responsibilities and obligations in repaying the loan or his/her rights to deferments.

d. fails to inform the lender if difficulty is encountered in repaying the loan.

e. fails to repay the loan.

2. School:

a. fails to offer a stimulating, current program of training preparing the student for available job opportunities in their community.

b. fails to provide loan counselling assuring that the student understands his/her loan repayment obligation.

c. fails to update lender and guaranty agency on information changes for the borrower.

d. fails to make proper and timely refunds.

e. fails to discourage unneeded borrowing.

f. fails to make every effort to assure students complete their academic program.

3. Lender and/or secondary market:

a. fails to maintain contact with the borrower.

b. fails to process refunds correctly.

c. fails to properly record information changes reported by the school or borrower.

d. fails to transfer full loan information to secondary market or servicer.

e. fails to exercise required due diligence in collecting the loan.

f. fails to inform the borrower when the loan has been sold to a secondary market or is being servicer by an outside servicer.

g. fails to adequately oversee the servicing of the loan by the servicer.

h. fails to maintain adequate telephone lines to answer borrower inquiries on deferments and forebearence.

4. Guaranty agency:

a. fails to adequately review schools in their program to eliminate schools making misleading promises to students or otherwise failing to responsibly administer the program.

b. fails to process information changes sent by schools and borrowers.

c. fails to provide adequate loan counselling materials to students directly or through schools.

d. fails to establish and enforce effective due diligence standards for lenders and secondary markets.

e. fails to provide adequate training for schools and lenders.

f. fails to send default lists to schools for verification and process the information received back from schools.

5. Servicer:

a. fails to process changes in information.

b. fails to provide adequate access to students seeking information on deferments, forebearence, and other aspects of their loan obligation.

c. fails to perform any of the functions of the lender assigned to it under contract.

6. Department of Education:

a. fails to provide adequate and sufficient numbers of institutional reviews.

b. fails to maintain accurate and up-to-date data on the GSL program.

c. fails to provide necessary default-related information due guarantors and institutions.

d. fails to adequately enforce limitation, suspension and termination proceedings required by law.

Some of the failures I have listed may be counteracted by requiring or encouraging tighter enforcement of existing law. Other failures may only be corrected by new legislation. The default problem will not be solved by blaming any one segment of the GSL community. Rather, all parties must fulfill their responsibilities for the program to work as intended by Congress.

THE NAACS LOAN COUNCIL TASK FORCE IS IMPLEMENTING LOAN COUNSELLING AND DEFAULT PREVENTION MEASURES THAT WILL ATTEMPT TO REDUCE DEFAULTS IN COSMETOLOGY SCHOOLS.

At its 1986 convention, the NAACS Board of Directors authorized the establishment of a Loan Council Task Force. The Task Force was charged with developing materials to assist NAACS member institutions in counselling their students, in attempting to reduce defaults among their students, and to help set association policy relating to defaults.

In the past year, the Task Force has taken the following steps in implementing its goals:

1. Establishment of a Code of Ethics. The Code of Ethics was established to set goals for NAACS members reflecting a commitment to sound administration of the GSL program.

2. Development of loan counselling and default prevention materials. The Task Force arranged for distribution of the Massachusetts Loan Council Task Force default prevention materials to all NAACS institutions. I have brought a copy of these materials for each member of the subcommittee. The Task Force also developed forms for use by schools in tracking GSLs made to students attending a school and after they leave the school.

3. Survey of guaranty agencies and schools. The Task Force developed a survey of guaranty agencies' and schools' loan counselling practices. The results are now being compiled. The Task Force plans to use the information to recommend improvements in practices, to guarantors and to NAACS institutions.

4. Informational session at the NAACS convention. At the 1987 convention, a specific session was held where members of the Task Force explained the use of counselling materials and answered questions from member schools.

5. Study of relationship of school administrative practices

and institutional GSL default rate. NAACS has sponsored a research project comparing GSL default statistics among Chicago area community colleges and NAACS institutions. The study seeks to establish that borrower socio-economic backgrounds may be a larger factor in causing defaults than school administrative practices.

RECOMMENDATIONS FOR LEGISLATION TO ADDRESS THE DEFAULT PROBLEM

NAACS recommends the following legislative proposals developed by its own Loan Council Task Force and by the United Concerned Cosmetology School Owners. Those school owners, prompted by recent developments in the area of GSL defaults have formed an organization called Save Our Students (S.O.S.) The purpose of that group is to effect reasonable default legislation based upon an accurate and comprehensive understanding of what causes students to default on their loans and how those defaults can be minimized or eliminated. NAACS urges that the Committee consider these recommendations as it proceeds with legislation:

1. Expedited Implementation of the National Student Loan Data Base. Congress should consult with the Department of Education and provide all funds necessary to expedite the full implementation of the National Student Loan Data Base authorized in the 1986 Higher Education Act amendments. Until this data base is fully operational, there will continue to be no accurate and reliable source of information on GSL defaults.

The National Student Loan Data Base should provide a mechanism for all parties to correct the default information held by lenders, guarantors and the Department. The system should also provide for the continual updating of information on accounts, such as collections made.

2. Uniform and Universal Definition of Default. The Act should establish a uniform and universal definition of "default" to be used by institutions, lenders, guarantors, secondary markets, and the Department. The definition should utilize a specified methodology which will consider payments made by borrowers prior to default and collections made on accounts subsequent to default. In the cases of schools subject to a change in ownership, the prior default experience should not be taken into consideration. Finally, special consideration should be given for schools serving high risk-borrowers, such as students admitted on the basis of their ability to benefit.

3. Contact of State Licencing Agencies. Lenders and guarantors should be required to contact state licensing boards as part of their due diligence efforts on accounts where the location of the borrower is unknown, but licensing is required for practice of the trade.

4. Require stricter eligibility regulations for students

borrowing under the GSL program for indirect educational expenses.

5. Improved Notification to Students and Schools. Congress should require three new forms of notification to students and schools:

--require notification to students and schools of sales of a loan to a secondary market or other holder.

--require that delinquency notices be sent to the institution in addition to the student. (This will give the school an option to update and correct address information, but should in no way increase the school's responsibility or liability on the loans involved).

--require the lender to provide institutions a full loan status report before and after a loan enters repayment, at least every other month.

6. Allow institutions to purchase defaulted loans. Institutions should be allowed to purchase loans during delinquency, or at the moment of default, or any time after default. Provisions in the Higher Education Act relating to insurance and interest benefits would not apply to such loans. Only schools determined by the Department to be fulfilling their present responsibilities for administering the program would be eligible to purchase loans under the program. The "institutional default rate" would be lowered by the amount of the purchased loan volume.

7. Reduce or eliminate grace period on drop-outs. Because "skips" are one of the most common problems on loans to students who fail to complete their educational program, the grace period for such students should be reduced or eliminated.

8. Establish a clear role for institutions to encourage loan repayment. An express exemption for statutes which may limit the role institutions may play in encouraging repayment should be added to the Act. In addition, the Secretary should publish a model institutional repayment program for replication by schools.

9. Increase counselling requirements. Require institutions to conduct loan counselling both when a student enters as well as immediately before graduation or exit. Consideration should also be given to requiring additional lender contacts with the borrower.

10. Require lenders to use a monthly bill to service GSLs rather than a coupon book. Use of a monthly bill, for at least the first two years in the life of the loan, will result in better repayment.

11. Do not allow institutions to redefine their academic year for GSL differently than definition used for the Pell Grant program. This change will prevent a school from allowing a student to get two GSLs for a single short-term program and from by-passing

the multiple disbursement requirement.

12. Require commissioned salespersons to be compensated only on the basis of the students graduating from the school, not on the basis of the number of students recruited.

13. Extend IRS Tax Refund Offset Program. This authority expires on December 31. The extension included in the legislation introduced by Senators Quayle and Simon should be enacted as soon as possible. The Department estimates that $142,000,000 in defaults could be collected through this source in FY 1988.

14. Require guaranty agencies to conduct on-site reviews of any educational institution falling into the top 5 percent of default volume. Guarantors should have the authority to require any institution to develop and implement a default reduction plan. The plan should include specific goals for the reduction of defaults at the school. The Agency would be authorized to implement disciplinary actions against the school if it failed to implement the plan or achieve the goals set forth in it.

15. Department of Education Study of GSL Defaults. The Department should conduct a study of GSL defaults to improve the knowledge base of Congressional and Departmental policymaking. The study should focus on the correlation of socio-economic background of borrowers and defaults and should require the development of

recommendations for legislation to be sent to the Congress. One specific requirement should be the development of a new definition of default taking into consideration the socio-economic background of the borrowers served by a school or lender.

16. Require delayed disbursement. No GSL should be disbursed to a borrower until the borrower has completed at least three weeks of classes. This requirement will minimize default losses to students who never attend class or drop out after the first week or two of classes.

In addition to these 16 recommendations, NAACS also suggests that serious consideration be given to reducing the use of GSL for living expenses. NAACS believes that GSL funds should be used primarily for direct educational expenses.

Finally, NAACS recommends that the Department or the Committee authorize a study of the impact of current welfare regulations and student loan repayment. NAACS believes that serious contradictions exist between welfare regulations and current GSL policy. Borrowers may be discouraged from accepting employment with sufficiently high income to repay a GSL for fear of losing welfare or food stamp eligiblity.

THE BOTTOM LINE: PLEASE DO NOT ELIMINATE EDUCATIONAL OPPORTUNITY FOR STUDENTS WISHING TO PURSUE CAREERS IN COSMETOLOGY

NAACS very much appreciates the opportunity to testify today on behalf its member schools and the more than 43,000 students enrolled in NAACS institutions. We urge the Committee to keep in mind the primary objective of federal student aid programs: To create educational opportunity where economic factors prevented it.

Our association pledges its support for your efforts to address the default problem. Thank you.

I would be happy to respond to any questions you may have.

NAACS
National Association of
Accredited Cosmetology Schools

January 21, 1988

Senator Claiborne Pell
Chairman
Subcommittee on Education, Arts and Humanities
SD-648 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are my responses to additional questions prepared by Senator Orrin Hatch for the witnesses who testified before the Subcommittee on Education, Arts and Humanities during the December 18, 1987 oversight hearings on defaults in the Guaranteed Student Loan Program.

If there are further questions, or if any clarification is desired, please feel free to contact me.

Sincerely,

Janice Dorian
Janice Dorian

JD/cjj

Enclosure

WASHINGTON OFFICE:
5201 LEESBURG PIKE, SUITE 205, FALLS CHURCH, VA. 22041 (703) 845-1333

ANSWERS TO SENATOR HATCH'S QUESTIONS

BY

JANICE DORIAN

MANSFIELD BEAUTY SCHOOLS

Question 1

The purpose of federal student financial assistance is to create educational opportunity enabling students from all income backgrounds to attend higher education. The current costs of defaults should not effect the purpose of student financial assistance, but should be addressed by increased awareness, i.e., pre-borrower counseling information, and increased enforcement of present regulations.

Question 2

The cost and the rate of defaults should be reduced, but not at the cost of educational opportunities. The emphasis should be placed on improving the administration of the GSL program. If the program is being administered properly by the guarantee agencies, lenders, and schools, the default rate would decrease, and the remaining default rate would be acceptable.

Question 3

Defaults among students attending cosmetology schools appear to have been reduced for some of the following reasons:

a. loan counseling
b. multiple disbursements
c. student loan checks made co-payable.

The increased implementation of counseling we feel will help to reduce defaults. Many schools have only recently received information regarding their institutional default list. Therefore, the first of students who received loan counseling are just beginning repayments. NAACS will be compiling information on the effect of loan counseling on defaults.

Question 4

The typical default is a high-risk borrower with lower economic background. NAACS believes that the typical defaulter is also the student who receives poor counseling and who does not fully understand his or her GSL obligation. We have found that many students who have defaulted were unaware of their options, for example, deferments. Default in many cases may have been prevented.

Question 4a

NAACS encourages guarantee agencies to conduct program reviews of institutions with high GSL default rates and encourages agencies to require such institutions to implement remedial measures if necessary. Guarantee agencies should also be encouraged to accept high default rates at institutions who have demonstrated proper administrative capabilities.

Question 5

Yes. Use of loan assistance should be minimized for the higher risk category of students. The financial aid officer should have the ability to use professional judgement in certifying a GSL for living expenses. Increase in available grant money is needed to properly assist low income students. The loan debt burden, however small, is difficult for many students to repay along with losing all welfare benefits when they are in the beginning stages of their career.

Question 6

No. Any relationship between the category of the institution and defaults may be better explained by the socio-economic background of the students attending the institution. Within all categories of schools there are economically disadvantaged students which have the greatest need of financial assistance.

Question 7

Congress should seriously consider income contingent loans so as to reduce the payment obligations. Use of forbearance by lenders should also be encouraged.

Question 8

NAACS believes that reduction of insurance coverage to lenders or guarantors could indirectly discourage lending to high-risk borrowers. For this reason, NAACS recommends the consideration of any such proposals keeping student access in mind.

Question 9

Educational institutions are not the borrower or guarantor of a guaranteed student loan, and therefore it is inappropriate to hold them responsible for the servicing or collection of a student loan. Institutional responsibility for student loan repayment should be limited to appropriately certifying the student's eligibility, counseling the borrower on the nature of the student loan obligation and providing exit counseling. Increasing institutional responsibility for student loan repayment could jeopardize the educational institution's primary mission which is to educate students. There should be more emphasis placed on the Department of Education and accrediting commissions to certify its schools' administrative capabilities and quality of education.

Question 10

Student loan defaults have been reduced due to multiple disbursement and the increases in due diligence required under the Higher Education Amendments of 1986. As a greater percentage of loans are subject to the increased due diligence requirements, the student default rate is likely to decrease and, to the extent that the Department of Education strictly enforces due diligence requirements on lenders, guarantors and servicers, higher rates of student loan repayment are likely to result.

Question 11

Guaranteed student loan defaults are an inevitable consequence of having a program that serves all eligible borrowers in the program regardless of economic background. For this reason, a certain level of defaults should be expected in the Guaranteed Student Loan Program. The challenge to Congress and to the Department of Education is to minimize defaults. Aspiring to totally eliminate student loan defaults is unrealistic.

Default rates expected in the Guaranteed Student Loan Program cannot be easily defined. Defaults occur to a large extent because of the socio-economic background of the borrower and default rates will vary according to the student population served.

Taxpayer dollars invested in the guaranteed student loan program are well invested dollars and, notwithstanding student loan defaults, the Guaranteed Student Loan Program is still a bargain. To the extent that the federal budget crisis permits, additional dollars should be made available for grant programs and the College Work-Study Program.

Question 12

A uniform definition of default is urgently needed in the Guaranteed Student Loan Program. The definition of default should take into consideration payments made by students on defaulted loans and should be restricted to one and a maximum of two years of student loan repayments. NAACS recommendation for uniform definition of default is discussed in more detail in my prepared statement.

Question 13

Congress and the Department of Education should carefully review due diligence requirements applicable to lenders and guarantors. Perhaps more importantly, however, the Department should review administration of current due diligence procedures on lenders and guarantors to assure that due diligence is being performed on all loans, regardless of the amount of the loan.

Question 14

NAACS opposes "risk sharing" between guarantors and lenders. Requiring risk sharing in the GSL program could discourage full service to students from lower socio-economic backgrounds.

Question 15

Students admitted to postsecondary study on the basis of their ability to benefit have benefited greatly from the educational opportunities provided. To the extent that the educational opportunities were eliminated for these students many would become dependent on welfare with a great increase in welfare and unemployment costs.

Question 16

No response. The Department of Education is better served by fulfilling its mandated activities of program administration, such as program reviews, rather than creating new activities which may not prove to be beneficial.

Question 17

The concept of withholding transcripts to students who have defaulted on their guaranteed student loans should be carefully reviewed by Congress and the Department of Education along with other default prevention ideas. A potential danger in withholding a transcript may be to prevent a student's ability to secure employment and to repay the student loan.

Question 18

Congress should give careful consideration to the concept of developing a relative default rate which would compare institutions, lenders and guaranty agencies serving similar categories of students as defined by socio-economic backgrounds. NAACS stands ready to assist Congress and the Department of Education in the definition of such a relative student loan default rate.

Question 19

In order for the Guaranteed Student Loan Program to continue to function and to improve its efforts to reduce defaults, guaranty agencies must have sufficient levels of reserve funds so as to permit default prevention activities by guarantors. NAACS encourages Congress to consider reversing mandatory return of guaranty agency reserves which could handicap the efforts of some guaranty agencies including that of the Massachusetts Higher Education Assistance Corporation with their loan counseling efforts.

NATIONAL ASSOCIATION OF ACCREDITED COSMETOLOGY SCHOOLS
STUDENT LOAN COUNSEL TASK FORCE

Code of Ethics

The members of the National Association of Accredited Cosmetology Schools are dedicated to promoting the effective use of student financial assistance to provide access for students attending cosmetology schools. While the Guaranteed Student Loan Program is essential in allowing students to attend post-secondary institutions, it must be used wisely and schools and students must be mindful of the obligations incurred whenever a student receives a loan. Toward that end, the task force has adopted the following code of ethics.

1. To ensure the highest standards of admissions, education and business practices and principles which will lead to providing students the best educational experience possible leading to employment in cosmetology.

2. To ensure compliance with all federal, state and local laws and regulations and maintenance of all accreditation and Department of Education standards for institutional operations.

3. To ensure that prospective students are adequately counselled about the future commitments they are making when they decide to finance their educations through the loan programs.

4. To ensure that prospective students understand what will be required of them during their educational experience and their future employment potential.

5. To ensure that institutions never misrepresent their policies and practices to students.

6. To ensure that students are treated fairly in all respects when it comes to their financial obligations to the school and the school's responsibility to the student such as refund policies.

7. To ensure that student aid packaging maximizes the use of grants and other forms of student financial assistance and uses loans only as a last resort.

8. To ensure that institutions exercise maximum energy and diligence in efforts to reduce the student loan default rate.

LOAN COUNSEL TASK FORCE
NAACS
WASHINGTON, D.C.

Dear Student,

Our records show that you received a loan in the amount of $____________ for attendance at ______________.

A borrower is required to begin repaying their loan six months after their last date of attendance. Your last date of attendance was __________________________. You should be hearing from your lender within the six month grace period. Remember, even if you do not hear from your lender, you are responsible for repaying the loan. You must contact them.

The original lender of your GSL may have placed your loan with a servicer or sold it to another lender. Call the lender or servicer if you have any questions.

If you feel you are unable to repay your loan at this time, contact your lender immediately to avoid default. Do not wait until your first payment is due; contact your lender as soon as possible.

Please call the school if you need any assistance.

Remember, you MUST repay your loan!

Sincerely yours,

Financial Aid Officer

GIVE YOURSELF CREDIT — PAY BACK YOUR LOAN

LOAN COUNSEL TASK FORCE
NAACS
WASHINGTON, D.C.

Dear Student,

Congratulations on your eligibility for a guaranteed student loan. Your guaranteed student loan is a low interest loan made to you by a lender. Your loan has been insured by a guarantee agency and re-insured by the Federal Government.

We have provided for you in this brochure information regarding your guaranteed student loan. Please feel free to contact the Financial Aid Office if you have any questions and/or need any additional assistance.

Remember, you have a legal obligation to repay your student loan. Failure to repay your student loan *will* affect your credit rating. Repaying your loan will give you good credit for a car, beauty salon, and/or a home, and make it possible for future students to attend school with the help of a student loan.

We are here to help you while you are in school and after you graduate.

Sincerely yours,

Financial Aid Officer

GIVE YOURSELF CREDIT — PAY BACK YOUR LOAN

LOAN COUNSEL TASK FORCE
NAACS
WASHINGTON, D.C.

NAME ______________________________

ADDRESS ______________________________

SOCIAL SECURITY #______________

I REALIZE:

1. MY LOAN AMOUNT IS $______________
2. THE NAME OF MY LENDER IS ______________
3. THE NAME OF MY GUARANTEE AGENCY IS ______________
4. I MUST REPAY MY LOAN.

I AGREE TO:

1. USE MY LOAN FOR EDUCATIONAL PURPOSES.
2. MAINTAIN SATISFACTORY PROGRESS AS DEFINED BY THE SCHOOL.

I WILL NOTIFY THE LENDER OF:

1.	CHANGE OF STARTING DATE	Change ________	Date of Notification ________
2.	CHANGE OF SCHOOLS	Change ________	Date of Notification ________
3.	CHANGE OF NAME AND ADDRESS	Change ________	Date of Notification ________
4.	CHANGE OF GRADUATION	Change ________	Date of Notification ________
5.	WITHDRAWAL FROM SCHOOL	Change ________	Date of Notification ________
6.	DIFFICULTY IN REPAYING MY GSL		Date of Notification ________

I UNDERSTAND:

1. I MUST BEGIN MAKING PAYMENTS 6 MONTHS AFTER I LEAVE SCHOOL.
   Date ______________.
2. INTEREST WILL NOT BE CHARGED TO MY LOAN AMOUNT UNTIL THE END OF MY 6-MONTH GRACE PERIOD.
3. I WILL NOT BE CHARGED A PENALTY FOR PREPAYMENT OF MY LOAN.
4. I CAN MAKE PAYMENTS BEFORE THE END OF MY 6-MONTH GRACE PERIOD AND I WILL NOT BE CHARGED INTEREST ON THE AMOUNT I PAY.
5. MY MINIMUM MONTHLY PAYMENTS WILL BE $50.00/MONTH.
6. MY PAYMENT AMOUNT WILL DEPEND ON THE AMOUNT I HAVE BORROWED.
7. SAMPLE MONTHLY PAYMENTS FOR STUDENTS AT MY SCHOOL ARE:

$2600.	65 PAYMENTS @ $50.00
$5250.	120 PAYMENTS @ $63.29

8. MY MONTHLY PAYMENTS COULD BE HIGHER IF I HAVE RECEIVED A LOAN FOR ATTENDANCE AT ANOTHER INSTITUTION = $________ + ADDITIONAL LOANS $________ = $________.
   TOTAL

9. I MAY BE NOTIFIED BY MY LENDER THAT MY LOAN HAS BEEN SOLD TO EITHER A SECONDARY MARKET OR ANOTHER LENDING INSTITUTION.
10. A SECONDARY MARKET IS AN ORGANIZATION THAT BUYS LOANS FROM LENDING INSTITUTIONS.
11. IF MY LOAN IS SOLD TO A SECONDARY MARKET, I AM NOW REQUIRED TO PAY THE SECONDARY MARKET OR NEW LENDER.

    EXAMPLES: SALLIE MAE

    NELLIE MAE
12. I MAY ALSO BE NOTIFIED BY A SERVICER, WHO WILL TAKE RESPONSIBILITY FOR TRACKING AND COLLECTING MY LOAN. SOME LENDING INSTITUTIONS AND ALL SECONDARY MARKETS CONTRACT WITH "LOAN SERVICING" ORGANIZATIONS.

I HAVE A RIGHT:

1. TO DEFER PAYMENTS ON MY LOAN IF I MEET CERTAIN REQUIREMENTS.

   EXAMPLES OF REQUIREMENTS ARE:

   a. STUDYING FULL-TIME (AFTER JULY 1—½ TIME)

   b. PARTICIPATION IN AN APPROVED REHABILITATION TRAINING PROGRAM.

   c. CONSISTENTLY SEEKING BUT UNABLE TO FIND A JOB IN ANY FIELD.

   d. TEMPORARY OR TOTALY DISABLED OR CARING FOR A DISABLED SPOUSE.

   e. AFTER JULY 1, 1987, PREGNANCY

   f. MOTHER OF PRE-SCHOOLER
2. TO APPLY FOR A FOREBEARANCE OF MY LOAN IF I ENCOUNTER FINANCIAL DIFFICULTY.
3. I HAVE A RIGHT TO REQUEST:

   a. A SHORT PERIOD OF TIME IN WHICH I MAKE NO PAYMENTS.

   b. AN EXTENSION FOR MAKING PAYMENTS, OR

   c. THE MAKING OF SMALLER PAYMENTS THAN WERE ORIGINALLY SCHEDULED.
4. I REALIZE THAT THE LENDER (OR SECONDARY MARKET) CAN GRANT OR DENY MY REQUEST. I REALIZE I MUST NOTIFY THE LENDER OF MY REQUEST, PRIOR TO PAYMENT DATE.

LOAN COUNSEL TASK FORCE
NMCS
WASHINGTON, D.C.

THIS BUDGET IS HERE TO ASSIST YOU WHILE YOU ARE ATTENDING SCHOOL.

INCOME:

PARENTS $__________
SAVINGS $__________
JOB $__________
OTHER $__________
TOTAL INCOME $__________

EXPENSES:

RENT $__________
FOOD $__________
UTILITIES $__________
ENTERTAINMENT $__________
EXTRA SCHOOL SUPPLIES $__________
CHILD CARE $__________
TRAVEL $__________
OTHER $__________
TOTAL EXPENSES $__________

TOTAL INCOME (–) TOTAL EXPENSES = $__________

SUGGESTION: IF YOUR EXPENSES ARE MORE THAN YOUR INCOME, YOU MAY WANT TO:
A. FIND A HIGHER PAYING JOB
B. REDUCE YOUR EXPENSES.

THIS BUDGET IS HERE TO ASSIST YOU AFTER YOU HAVE LEFT SCHOOL.

INCOME (Anticipated): $__________

EXPENSES:

RENT $__________
UTILITIES $__________
FOOD $__________
STUDENT LOAN $__________
CAR PAYMENTS $__________
TRANSPORTATION $__________
HEALTH CARE $__________
CLOTHING $__________
MISC. $__________

TOTAL INCOME (–) TOTAL EXPENSES = $__________

LENDER NOTIFICATION FORM

DATE ______________

TO: ______________
____
____

FROM: ______________
____
____

RE: ______________ STUDENT'S NAME
______________ ADDRESS
______________ SOCIAL SECURITY NUMBER
______________ PHONE #

CHANGES: ______________
____
____
____

START DATE ______________ *ANT. GRADUATION DATE* ______________

*LOAN AMOUNT REQUESTED $*__________ *LOAN AMOUNT RECEIVED: 1ST $*________ *2ND $*________

*AMOUNT APPLIED TO TUITION $*__________ *AMOUNT FOR LIVING EXPENSES $*__________

*ENCLOSED PLEASE FIND A REFUND FOR THE AMOUNT OF $*________ *CHECK #*______ DATE ______

PLEASE REDUCE THE STUDENT'S LOAN FOR THE AMOUNT OF $________ CHECK #______ DATE ______

☐ THE ABOVE NAMED STUDENT HAS TERMINATED HIS/HER STUDIES AT ______________ AS OF ______________.

☐ THE ABOVE NAMED STUDENT DID NOT START CLASSES AS SCHEDULED ON ______________, BUT HAS BEEN RESCHEDULED TO BEGIN CLASSES ON ______________. THE STUDENT'S NEW ENDING DATE IS ______________.

☐ THE ABOVE NAMED STUDENT HAS REQUESTED A LEAVE OF ABSENCE EFFECTIVE ______________. THE STUDENT'S ANTICIPATED DATE OF RETURN IS ______________.

☐ THE ABOVE NAMED STUDENT HAS RETURNED TO SCHOOL AS OF ______________. THE STUDENT'S NEW ENDING DATE IS ______________.

☐ THE ABOVE NAMED STUDENT HAS CHANGED THEIR ENROLLMENT STATUS. THE STUDENT'S NEW GRADUATION DATE IS ______________.

☐ THE ABOVE NAMED STUDENT HAS RECEIVED ADDITIONAL FINANCIAL AID. PLEASE REDUCE THE STUDENT'S LOAN BY $______________.

CHANGE OF REFERENCES:

LOAN AMOUNT REQUESTED: $__________
AMOUNT REFUNDED: $__________
NET LOAN: $__________

ENCLOSURE:

CC:

NAME: ____________ SOCIAL SECURITY NUMBER ____________

ADDRESS: ____________ TELEPHONE NUMBER ____________

STARTING DATE: CHANGE: TOTAL COST OF ED:

ANT. GRAD. DATE: CHANGE: FAMILY CONT.:

FULL—¾—½: CHANGE: FINANCIAL AID:

LOAN PERIOD: CHANGE: NEED:

DATE MAILED: CHANGE:

TOTAL LOAN REQUESTED: $____________ LENDER: ____________

LENDER PHONE #: ____________ LENDER CODE #: ____________

1ST DISBURSEMENT: $____________ 2ND DISBURSEMENT: $____________

DATE RECEIVED: ________ CHECK #________ DATE RECEIVED: ________ CHECK #________

L.O.A.: ____________ DATE OF NOTIFICATION: ________ DATE RETURN: ________

WITHDRAWAL DATE: ________ DATE OF NOTIFICATION: ________ LAST DATE OF ATT.: ________

REFUND: $________ CHECK #: ________ DATE: ________ NET LOAN AMT.: ________

REFERENCES:

1. Name ____________
Address ____________
____
Phone #____________

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NAACS
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THIS IS TO ACKNOWLEDGE THAT THE FINANCIAL AID OFFICER, OR A SCHOOL OFFICIAL, REVIEWED WITH ME THE TERMS AND CONDITIONS OF MY GUARANTEED STUDENT LOAN.

STUDENT SIGNATURE: ____________________

DATE: ____________

Senator **Pell**. Mr. Charles Rogers, of Rhode Island, an old friend, and also a representative of what I call the tax-paying institutions. We welcome you here.

Mr. **Rogers**. Thank you, Senator.

Senator Pell and members of the subcommittee, I am here before you today to give you some of my views regarding GSL defaults, but before I begin, I would like to give you a quick overview of who I am and what Hall Institute is.

I have been part of the proprietary school industry for 20 years and the owner of my own school since 1972. At Hall Institute in Pawtucket, RI, we teach drafting, interior design and graphic arts. Each of these courses are in demand from an employment standpoint, and the school maintains no less than a 95-percent verifiable placement rate each year, with a dropout rate of 5 percent or less. The school's annual enrollment is 400 students with a high-risk population of 5 percent. The majority of our students come from middle-class families and are all high school graduates or have general equivalency diplomas.

In 1980, Hall Institute was accredited by the National Association of Trade and Technical Schools and reaccredited in January of 1987.

Eighty-five percent of our student body defray the cost of their education by receiving title IV funding. We also train for the Job Training Partnership Program, veterans, and disabled veterans.

On average, at least 75 percent of our student body have Guaranteed Student Loans. From 1980 through 1985, I heard no mention of defaults or any problems that existed with the program. Due primarily to curiosity, in mid-1986, I wrote to the Director of the Rhode Island Higher Education Assistance Authority and requested Hall Institute's default rate. I was told that I was the first school in Rhode Island to ever ask for their default rate, and at that time they did not know how to begin their calculations. Being a persistent person, I kept after the agency, and approximately 8 months later, I received the names of our defaulters. The list consisted of 148 former students in default, and we were listed as having a 28-percent default rate.

Of the 148 defaulters, 47 were graduates who had been placed in jobs. We examined the list carefully and noted that several students listed were deceased; several never attended Hall Institute; others had paid their loans in full, and still others had been making payments on time and were not in fact in default.

I was told how my default rate was calculated, but I could not follow the formula outlined, and to this day I still don't know what the default rates are and how they are calculated in Rhode Island.

From my research, I felt that our default rate was 14 to 16 percent at a maximum. Several weeks ago, it was noted in the Federal Funds study that Hall Institute's default rate was 16.36 percent. To add to the confusion, I just learned yesterday that the Department of Education's report states that I have a zero default rate. Again, I have no idea how these figures were developed and what time period the figures represent.

I deal with three guarantee agencies—HEAF, USA Funds, and the Rhode Island Higher Education Assistance Authority. In calculating Hall Institute's default rate, did Federal Funds contact one guarantee agency, two, or all three mentioned above?

I have since learned that the Department of Education's own Inspector General stated that "an analysis of the data will not produce an accurate total of defaulted loans."

So after nearly 2 years, I still have the same question: What is the default rate at Hall Institute?

If I operated my business like default rates are calculated, I would be out of business.

Owing to the confusion that exists, as I have outlined, a recommendation would be that nothing be done with default rates until valid, reliable and verifiable default figures can be generated.

I would also recommend that we no longer concern ourselves with percentages in dealing with default rates. What should be looked at are dollar amounts in defaults at each school.

In Rhode Island, for instance, the Federal Funds study showed 17 proprietary schools having default rate percentages ranging from 12 percent to 53 percent and were the highest on the list. By the way, the proprietary school with the 53 percent default rate has been closed for nearly five years.

Now let's look at the same list again, but now list the Rhode Island schools by dollar amounts in default. You will quickly see that the Rhode Island proprietary schools are at the bottom of the list, and colleges, universities and community colleges are at the top.

In these terms, Rhode Island's 12 2- and 4-year colleges have a total of $23 million in default versus $7 million for the 17 proprietary schools. In Rhode Island, 2- and 4-year college students therefore have three times the amount of dollars in default than students attending proprietary schools.

I mentioned earlier that 5 percent of our annual student body is composed of high risk students. With reference to our default rate of 28 percent noted by the Rhode Island Higher Education Assistance Authority, let's assume for a moment that the figure is correct. Of the 148 students in default, 28 percent fell into the high risk classification. If nearly one-third of Hall Institute's defaults fell into this category, and if I want to reduce my default percentage, what should I do?

As a prudent businessman and one who is concerned about the loss of GSL's, I should not consider enrolling high risk students because they would boost my default percentage above 20 percent.

However, as a school owner, I will not discriminate, and our doors will always be open to anyone who wants to study at Hall Institute regardless of their propensity to default or drop out. But will others in the educational community do the same?

Contrary to what the Secretary of Education believes, if schools face the loss of GSL's, you will not find many schools enrolling high risk students.

Education, whether college or proprietary school, is big business, and big business will do anything to protect its assets.

In closing, I would ask that this body look hard at the default issue before making a decision. The decision you make will in large measure determine the educational destiny of America.

Thank you.

Senator **Pell**. Thank you very much indeed.

[The prepared statement of Mr. Rogers follows:]

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I would like to submit my complete statement for the record.

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Each of these courses are in demand from an employment standpoint and the school maintains no less that a 95% verifiable placement rate each year with a drop-out rate of 5% or less.

Our cost of education to our students ranges from $5400 to $7200 with none of our courses taking longer that 54 weeks to complete.

The school's annual enrollment is 400 students with a high risk population of five percent. The majority of our students

NATTS
Accredited School
National Association of
Trade and Technical Schools

come from middle class families and are all high school graduates or have General Equivalency Diplomas. In 1980, Hall Institute was accredited by the National Association of Trade and Technical Schools (NATTS) and re-accredited in January of 1987.

Eighty-five percent of our student body defray the cost of their education by receiving Title IV Funding, i.e. Pell Grants, Guaranteed Student Loans, Plus Loans, Supplemental Loans for Students and/or Supplemental Educational Opportunity Grants. We also train for the Job Training Partnership Program, Veterans and Disabled Veterans.

On average, at least 75% of our student body have Guaranteed Student Loans.

From 1980 through 1985, I heard no mention of defaults or any problems that existed with the program.

Due primarily to curiosity, in mid-1986, I wrote to the Director of the Rhode Island Higher Education Assistance Authority, our State's GSL Guaranty Agency and requested Hall Institute's default rate.

I was told I was the first school in Rhode Island to ever ask for their default rate and at that time, they did not know how to begin their calculations.

Being a persistent person, I kept after the agency and approximately eight months later, I received the names of our defaulters for 1980 through 1986. The list consisted of 148 former students in default and we were listed as having a 28% default rate. Of the 148 defaulters, 47 were graduates who have been placed in jobs.

We examined the list carefully and noted that several students listed were deceased, several never attended Hall Institute, other had paid their loans in full, and others had been making payments on time and were not in default.

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In these terms, Rhode Island's 12 two and four year colleges have a total of $23 million in defaulted dollars vs $7 million for the 17 proprietary schools. In Rhode Island two and four year college students therefore have three times the amount of dollars in default than students attending proprietary schools.

I mentioned earlier that 5% of our annual student body is composed of high risk students.

With reference to our default rate of 28% noted by the Rhode Island Higher Education Assistance Authority, let's assume for a moment that the figure is correct. Of the 148 students in default, 27.7% or 41 fell into high risk classification. If nearly one-third of Hall Institute's defaults fell into this category, and if I want to reduce my default percentage - what should I do?

As a prudent businessman and one who is concerned about the loss of GSL's, I should not consider enrolling high risk students because they would boost my default percentage above 20%.

However, as a school owner, I will not discriminate and our doors will always be open to anyone who wants to study at Hall Institute regardless of their propensity to default or drop out. But will others in the educational community do the same? Contrary to what the Secretary of Education believes, if schools face the loss of GSL's, you will not find many enrolling high risk students.

Education, whether college or proprietary school, is big business and big business will do anything to protect its assets.

Another area of concern is the role of lending agencies (bank) with regard to GSL collections.

Senators, if you purchase an automobile or home and can't afford the payments, what happens? You lose the automobile and your home. Why? Because the banks, in order to stay in business, need cash. They know how to collect money and they do a good job at it.

What incentive does a bank have to collect on a GSL? The answer is a clear "NONE."

They know that the Federal government will pay them, so why make the effort to collect.

If lending institutions had incentives to collect defaulted loans, they would.

In my nearly eight years of dealing with GSL's, I have never had a bank officer call me to locate a GSL defaulter or to help the bank in any way whatsoever.

In closing, I would ask that this body look hard at the default issue before making decisions.

The decision you make will in large measure determine the educational destiny of America.

Senator **Pell**. The student loan data language in the law is fuzzy in itself, and we must change it, I guess, because what we have there now is the phrase "is authorized". I think what we should do is make it mandatory to "shall" to make sure the provisions are implemented properly by the Administration.

I realize this confusion exists, and it exists for several institutions in our State, where you get different people making the estimate, and there seems to be no common definition.

One thought here, and that is that a simple way of getting at the default problem might be to remove the 60 percent cost of attendance provision for the Pell Grant Program.

Do any of you have any views on that? In other words, as you know, there is a 60-percent cap now.

Mr. **Rogers**. I would rather not see that. What I would rather see is the Pell grants being increased in value from $2,100 to possibly $2,400 to $2,500.

Senator **Pell**. So would I, but that's not in the budgetary ball park for the time being.

Ms. Dorian?

Ms. **Dorian**. That sounds wonderful as long as there is proper appropriations in order to facilitate the number of students. Otherwise what we will have is a situation where some of the very poorest of students will be getting more money than they are receiving now, but other poor students will be eliminated. These students will, thereby, have to become more heavily dependent on student loans.

Senator **Pell**. Right. But they will be the ones who are most at risk, too.

Ms. **Dorian**. I don't know if I agree.

Senator **Pell**. In other words, poor kids as a rule are poor risks as well.

Ms. **Dorian**. But from the information that we have gathered, there would still be a very large population of low-income families who would not be eligible for grant money and would have to depend more on loans.

Senator **Pell**. Thank you.

Sister **Matesich**. Senator, there may be a way to get a handle on what impact that might have on default rates by looking at States that have a generous State need-based grant program, where that 60-percent cost figure may not be a limiting situation for low-income students. Compare the default rates in the States where additional need-based grant funds are available to States where the Pell program is the only need-based grant program.

I think you need to look at the impact and model it out. I would hate to see low-income students, the lowest-income students—and we have some at our school—not have the opportunity to aspire to the fullest realization of their talents and ambitions. I think we want poor minority kids to be able to be schoolteachers, we want them to be able to be accountants, we want them to be able to prepare for professional school. This cannot always be accomplished at a 2-year institution; and yet the 60-percent cost of attendance rule really has an impact only on the low-cost, 2-year institution student body, because once the tuition gets above about $1,400, it really doesn't make any difference.

Senator **Pell**. Dr. McFadden?

Dr. **McFadden**. I would not like to see a change, because I think maybe a first step would be to fund what is already authorized. I remember the battles that we had in working out that compromise, and I hate to have those battles resume.

Senator **Pell**. Have you noticed any difference in the makeup of your student body because of the increasing shift from grant aid to loan aid? Have you had a change in the complexion and economic makeup of your student body?

Mr. **Rogers**. Overall, Senator, at Hall Institute, we haven't seen a great change, not at all.

Ms. **Dorian**. There is a percentage of middle-income students who have been affected by the transformation of the GSL program into a need-based program.

Senator **Pell**. As you know, we've gone from about one-third loan and two-thirds grants to vice versa, and that is what I am driving at here.

Sister Matesich?

Sister **Matesich**. Well, certainly, nationally, there has been a decrease in the participation rate of some minorities. We haven't seen it at Ohio Dominican College. We have about a 12½ percent black population and about 6 percent Hispanic. But we are relatively low-tuition as independent institutions go, and we do have a strong State-based grant program.

Senator **Pell**. Thank you.

President McFadden?

Dr. **McFadden**. We have not seen any change in our student body. Our minorities are essentially Native Americans, and we have not seen any change there, but it is early. And the one area that I am concerned with is graduate and professional levels—medical school, law school, going on for doctorates. I think the students are giving long thought to that because of the long debt road that they face.

So I think it is too early to make definitive conclusions, but I am very concerned about that.

Senator **Pell**. Thank you very much.

Senator Stafford?

Senator **Stafford**. Thank you, Mr. Chairman. I think you have covered most of the questions that have occurred to me.

When somebody enrolls as a student in one of our military academies, they go through a course variously known as "beast barracks" or some equivalent program for two months to determine whether or not they desire to pursue the military services. Keeping this in mind, the thought has occurred to me, what if a similar situation were to occur in connection with the GSL program. What if students were required to wait a month after they entered your institutions before receiving their Guaranteed Student Loans? Would such an idea have any merit at all? I don't know whether it does or not.

Dr. McFadden, would you like to comment on this?

Dr. **McFadden**. I'd have to think about that a little bit, but off the top of my head I don't think I'd favor that, because so many of our students need that money to make their arrangements, housing and so on, that that month would be another deterrent for them continuing their education. And I would be very worried about that.

Senator STAFFORD. Thank you.

Would anyone else care to comment on this thought?

Yes, Ms. Dorian?

Ms. DORIAN. I wouldn't object to the idea of a delayed disbursement date, not delayed certification of the loan, but a delayed disbursement date of maybe one week or two. We find at our institution, the majority of students who just chose the wrong career know so after the first week, usually after the first day.

Senator STAFFORD. Thank you.

Any further thoughts? Mr. Rogers?

Mr. ROGERS. For the past year and a half, we haven't been cashing our students' Guaranteed Student Loans for the first 2 weeks that they are in school. If in fact they drop out, we send all of the money back to the appropriate lending institution.

Senator STAFFORD. Thank you all. I may have a question or two I'll submit in writing to you if that is agreeable, in view of the time constraints we are beginning to face.

And I would say, Mr. Rogers, that if I were you, I'd grab the Department of Education's default rate figures and run with them. [Laughter.]

Mr. ROGERS. Thank you, Senator.

Senator PELL. Senator Pressler?

Senator PRESSLER. May I just ask one question of Dr. McFadden and anybody else who wishes to answer. Are there students today who are not able to go to college because of the changes in the student loan program who would have gone a year ago; in other words, are there good potential minds being wasted, or can somebody still get a package together? I always used to say there is no student in South Dakota who can't find a way to go to college unless he's got some financial obligations that are extreme, some parent being ill or something like that.

But with the changes that have occurred, are there good students out there who are not going because of this?

Dr. MCFADDEN. I'll give you a yes and no answer. I think it is safe to say that if the student shows up, we'll work out some kind of a package for him. But there is a category of student, as you well know, in our State, because our State has had bad experience with debt coming out of the Depression that they just won't go into debt. And with the cost of education being what it is, they may make a decision, unwarranted, but yet they make it; but they are not going to borrow any money. And that category of students really worries me.

We haven't done a lot of research on that, but I know and you know in our State, there are people who are afraid of debt, particularly minorities.

Senator PRESSLER. Yes?

Sister MATESICH. Senator Pressler, we are seeing a problem in the part of the income range where a rigid income cap on eligibility for a Pell Grant or a Guaranteed Student Loan has a disproportionate impact on larger families. The family income may be above the cap; there may be a number of students in college, and there is a very difficult squeeze. When we had more variables and factors taken into account in the needs analysis, we were able more flexibly to serve the families in this category.

In the most recent legislation there is some discretion for the financial aid administrator, and I think our people are just feeling their way on how to use that.

Senator **Pressler**. Thank you.

Senator **Pell**. Thank you very much indeed for being with us. We are very glad indeed to have heard your testimony, and we will examine those very specific suggestions carefully.

Our next panel, panel 3, is the last panel of the day. We welcome Dr. Joseph Cronin, president of the Massachusetts Higher Education Assistance Corp.; Mr. Stephen Blair, executive director of the National Association of Trade and Technical Schools; Ms. Norine Fuller, executive director of the Fashion Institute of Design and Merchandising, and Mr. Mitchell Sweet, president of Mitchell Sweet & Associates, Tempe, AZ.

Thank you very much indeed, lady and gentlemen, for being with us. We will start off with Dr. Cronin.

STATEMENTS OF DR. JOSEPH M. CRONIN, PRESIDENT, MASSACHUSETTS HIGHER EDUCATION ASSISTANCE CORP., BOSTON, MA; STEPHEN J. BLAIR, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS, WASHINGTON, DC; NORINE FULLER, EXECUTIVE DIRECTOR, FASHION INSTITUTE OF DESIGN AND MERCHANDISING, WASHINGTON, DC; AND MITCHELL SWEET, PRESIDENT, MITCHELL SWEET AND ASSOCIATES, TEMPE, AZ

Dr. **Cronin**. Thank you very much, Mr. Chairman and Senator Stafford. I am very pleased to be here.

I read with great interest all the testimony from last Friday, and one table I would like to call to your attention, Senator, that was unusually interesting is one presented by the College Board and Larry Gladieux, which had a total default cost to the U.S. Government of $1.3 billion in fiscal year 1986 to $1.2 billion in fiscal year 1987. Now, that's not the huge increase we heard about. This was testimony already submitted by the College Board, which is rarely wrong in their numbers. They are very good at keeping score. We should take a look at that to see whether the problem is in fact getting worse, or whether it has stabilized and might be getting better.

Secondly, I am pleased to inform the Committee that Massachusetts Higher Education Assistance Corp. and Nellie Mae, a secondary market, will on January 15th release a study on who repays their student loans, which I think will be very useful and refreshing after the month of all the testimony on what to do about the 10 percent who do not pay.

I have four dos and four don'ts that I'd like to present. They are in my testimony, but I'll just summarize them in the five minutes.

First of all, award more grant money to at-risk students the first semester or first 6 weeks of a 12-week program, and postpone either the certification or disbursement of loans until the second semester or second half of the program. The most difficult collections we find come from those who drop out of an education program the first week, month, or semester; and because they got so little out of the program, they feel little obligation to repay.

Now, this proposal is a modified version of a House bill recently filed by Congressman Bill Ford as well as a proposal that is in Senator Simon's bill. This may require lifting the 60 percent Pell grant for a limited period of time, for example, the first month or the first semester. I think we could keep within the 60 percent over the period of 2 years or 4 years of education, and I would urge the Committee and staff to sit down with Dallas Martin and other leaders from NAICU and ACE, and see if they could work that formula out so you could front-end the Pell grants and still stay under the 60-percent agreement, which I know was so difficult to arrive at.

A second proposal is to require those of us who run State agencies to use some of our default reserve funds to supply loan counseling and debt management materials and information to schools and colleges for use in entrance and exit interviews in the financial aid offices.

We have been developing these the last 3 years in Massachusetts, even before you told us we had to have the colleges do it. I am going to provide two kits, one for the Minority and one for the Majority staff, to review. It includes a videotape which we have prepared on personal financial planning for college graduates. It includes a number of pamphlets and worksheets: "Educational Loans: It's Your Choice", for the front end, and some materials, budget worksheets, "Doing More With Less", how to pay your student loan afterward; you may not be able to have a fancy new car; you may have to have a used car or ride public transportation in our metropolitan areas.

"The Facts on Student Loan Consolidation" and "Everything You've Wanted to Know about Repaying Your GSL".

We are making these available in bulk to our schools to provide on exit sessions and on entrance sessions as well. We have another kit for financial aid officers, and I will submit these as a part of the record today.

Now, Department regulations now require that our reserve funds be used only for default payments and not for debt counseling. So we need a little relief from those punitive regulations that we have right now.

Point 3, ask all of the States to enact laws which pursue defaulters at the State level, such as State tax set-off bills to match the Federal one that we have had such good success with the last three years, or wage garnishment laws which speed it up and prevent it from taking 12 to 18 months through the court, which is a slow motion process; State measures to deny State licenses and professional certificates to those adult professionals who fail to repay.

Also, some of our newspapers have willingly published the names and addresses of employed professionals who have not repaid their student loans. This, Senator, would be the 20th century equivalent of "the stocks" of Puritan times.

The Quayle bill, requiring annual Federal reports on defaults, should go further to require State and local disclosures and penalties.

Fourth, publicize and promote the availability of parent loans or family education loans. This market rate program which you have authorized has a default rate of less than one percent—this gets no publicity at all, either the availability or the low default rate. It suffers, unfortunately, from an artificially low limit on loan amounts, $4,000 per year, and inadequate promotion from the Administration, Congress and the colleges. Raise the loan limit to $10,000 per year for creditworthy parents to take the onus off their children and off the next generation.

Now a few don'ts.

Don't require banks or guarantors to sue all defaulters during the first six months of delinquent payments. The Federal government is doing that right now for medical school students. It used to be called the "HEAL" Program; it has become for some the "Maim" or Wound Program". That is not a suggestion that you should carry over.

And don't demand that the banks phone the borrower every 20 or 30 days and try and specify every collection detail. We have good due diligence procedures right now. Some of the new draft regulations say if we miss one call one day, we have to deny Federal reinsurance and make either the bank or State guarantor eat the default. This is an actual proposed regulation, day-specific, from the Department of Education and effectively repeals Easter, Christmas and the Fourth of July, or the future prospects in the Northeast of blizzards or unfortunate closings of banks or State capitals. As public policy, it is worse than the evils it pretends to cure and could close down the program.

So be aware, please, that there are some junk solutions which are worse than the problem.

Senator Pell. Thank you very much indeed, Dr. Cronin.

[The prepared statement of Dr. Cronin and responses to questions submitted by Senator Hatch follow:]

STATEMENT OF

DR. JOSEPH M. CRONIN

President
Massachusetts Higher Education Assistance Corporation

before the

Senate Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources
United States Senate

December 18, 1987

Mr. Chairman, members of the Subcommittee:

I am Dr. Joseph M. Cronin, President of the Massachusetts Higher Education Assistance Corporation and Chairman of the Board of the New England Education Loan Marketing Corporation, and am grateful for the opportunity to assist in developing a national strategy to combat student loan defaults. Successful tactics developed and implemented on the state level to reduce defaults can and should serve as national examples. We are proud of what we have done in Massachusetts; proud of the decline in our annual default rate to 3 percent, and proud of the policies we believe to have contributed to this decline.

However, states appropriately will look to Congress for leadership as we together work to bring down the cost of defaults to the federal government. An important issue which lacks in strong leadership is data. States need solid, comprehensive and uniform data. To date, we have been showered with just the opposite. The Federal Funds Information for States study of student loan defaults sponsored by the National Governor's Association ill-served any discussion of education loan defaults by including in its report institutions that had been closed for years and excluding in its default calculation recoveries. In Massachusetts our recoveries have increased steadily so that we collect 20 percent of the amount that has been defaulted and from 50 percent of all defaulters.

The Department of Education has issued its own set of data on default rates. Guarantee agencies maintain a third set of data. Clearly, Mr. Chairman, a uniform system to measure default must be developed. Without a uniform currency this debate will be without value.

Another data problem is the myth of the sky-high default rate. We hear that the default rate is out of hand, but testimony last week from Dallas Martin of the National Association of Student Financial Aid Administrators showed that the rate has been basically quite stable for years. It is the growing amount of defaults that will cost the taxpayer, Mr. Chairman, not the increasing rate. The amount of student loan defaults has grown because the program has grown. Defaults are up because, until recently, volume was up. Congress opened the GSL program to a broad sector of student society in (1975) and today these loans are maturing and coming due.

Will defaults reach 1.6 billion dollars in FY 1987, as we have heard? According to tables presented to the Senate by Larry Gladieux of the Washington office of The College Board, the answer is no. Defaults actually cost the federal government less in 1987 than they did in 1986, declining from $1.318 billion to $1.269 billion.

So states need Congressional leadership in explaining the facts of this debate, Mr. Chairman, and we need leadership in maintaining the integrity of the data.

States should offer examples of leadership in return. I will elaborate on several initiatives taken in Massachusetts designed to further lower our default rate and keep it there:

1. Loan Counseling and Debt Management — Reauthorization of the Higher Education Act of 1986 recognized the need for effective loan counseling for graduating student loan borrowers. Congress decided to require that postsecondary institutions make loan

counseling available to student borrowers that includes general information about indebtedness and debt management strategies as well as anticipated monthly repayments. This decision was an important step in developing a greater awareness among borrowers that a loan is a loan, not a grant, and that repayment is an obligation.

Since 1983 the Massachusetts Higher Education Assistance Corporation has supported the Massachusetts Loan Counseling Task Force, an organization dedicated to developing a comprehensive debt management model that involves publications and projects that define counseling strategies and inform students from junior high school through repayment of the fundamentals of borrowing, the alternatives to borrowing, and the obligation to repay.

Independent loan counseling initiatives in Massachusetts would not be possible without outside support, including the financial support of the the state's guaranty agency, and I would respectfully suggest to the Committee that support for loan and debt management counseling and personal financial planning strategies is an appropriate use of guaranty agency reserve funds. Our experience in Massachusetts has been that financial aid officers and student loan administrators need assistance in getting the crucial message across to their borrowers -- a loan carries obligations, and failure to repay promptly will damage credit histories and jeopardize future opportunities.

The task force is comprised of Massachusetts leaders in the area of financial postsecondary education. Lenders, financial aid administrators, guaranty agency specialists and high school guidance counselors have come together to assist institutions develop effective and comprehensive loan counseling models, to disseminate debt management materials to postsecondary students about the wise use of credit to emphasize the responsibilities associated with borrowing, and to develop the mechanisms to reduce default. In addition, the task force has assisted institutions by developing effective exit interview strategies as required by the 1986 reauthorization. The task force has also undertaken a series of independent initiatives:

- Entrance and Exit interview booklet — a guide for entering and exiting students at postsecondary institutions. The important information it provides will assist students in making informed choices about the amount of educational debt that is necessary to obtain their educational goals. It outlines budgeting techniques for college costs as well as for successful repayment after graduation. The guide also highlights the benefits of timely repayment and default avoidance. When reviewing the guide, you will find that there are several supplementary brochures and informational pieces that accompany it. These supplements are color-coded to match the corresponding page in the guide. Because of the diversity in post-secondary institutions and students, these supplementary pieces are generic in nature. Schools are encouraged to adapt these materials or develop additional supplements that address the individual needs of their institutions. This booklet, along with information on average indebtedness, will for each school satisfy exit interview requirements as mandated by Congress.

- Personal Financial Planning Videotape — this valuable tool reinforces the debt management messages communicated in the booklet and assists in identifying how borrowing can affect future lifestyle and personal choice. The videotape includes key budget information for exiting students.

- **Loan Repayment Hotline -- initiated during March 1985, this month-long, toll free service is offered yearly and is set up to offer information and referrals to student borrowers. Over 300 borrowers each year call with questions or problems about repayment.**

- A brochure for students who withdraw prior to completion of program, but who face difficult repayment obligations.

- Loan Consolidation Software Program -- this computer program allows the financial aid administrator, students and other users to determine repayment scenarios under various loan consolidation options.

- Poster Series -- focuses on the importance of wise borrowing and hazards of default and is used at high school nights and college fairs.

Mr. Chairman, I have brought to the Committee today the materials used in Massachusetts to assist student borrowers as they begin to manage their debt. The above-listed activities represent only part of the task force's effort in the state. We believe Loan Counseling Task Force activities have benefited Massachusetts student borrowers. Our default rate continues to decline. Positive steps can be taken on the state level in the area of loan counseling to ensure that the beneficiaries of these federally insured loans understand the fundamental aspects of borrowing.

The Massachusetts program works, and I would urge the Committee to consider the positive effect loan counseling and debt management strategies can have on reducing the default rate. More state programs are needed. Incentives ought to be developed to encourage states to develop these programs nationwide. Congress recognized and sanctioned loan counseling as an effective means of combatting default. The Massachusetts model attests to the viability of this strategy

2. Aggressive state legislation to combat and deter student defaults, and to enhance the ability of guaranty agencies to collected on defaulted loans.

The Massachusetts guaranty agency has filed legislation in our state capitol which would allow us to claim a defaulter's state tax refund, garnish a defaulter's wages, share vital employment information with appropriate state revenue agencies and, finally, deny professional state licenses to those who refuse to repay their federally-guaranteed student loan.

This year we are close to securing passage of at least two of the aforementioned measures. Federal recognition of these state efforts would aid us in securing final passage of these measures in Massachusetts. When these bills reach the Governor's desk he needs to hear from the Congress and the Administration on the importance of state legislative efforts to combat default.

I believe guaranty agencies ought to be incented to aggressively pursue these types of legislation, as we are for state garnishment laws. Federal policy should complement and encourage state efforts.

Do state legislative efforts pay off? They do. Our colleagues in California and New York collected $6 and $5 million respectively through a state tax refund setoff. New Jersey collected $1 million. Unfortunately, only about a dozen states have laws on the books today. Federal recognition and guaranty agency incentives could bring about a greater effort. States should be encouraged to use their default reserves for the purpose of bringing about the passage of legislation at home.

In addition, Mr. Chairman, a great deal can be done nationally to correct these problems, but policies must be sound and thoughtfully developed. The menu of possible solutions is large. Some are worthwhile; others will damage the program and the student.

If the Congress intends to reduce or avoid a heavy volume of student loans defaults, I offer constructive proposals of a more national and program-wide perspective for the subcommittee's consideration.

The four positive solutions include these:

1. Award more grant money to at-risk students the first semester, or first six weeks of a twelve-week program, and postpone certification or disbursement of loans until the second semester or second half of the program. The most difficult collections come from those who dropped out of an education program the first week, month or semester. Because they got so little out of the program, they feel little obligation to repay. This proposal is a modified version of a House bill recently filed by Congressman Bill Ford, as well as Senator Simon's bill.

2. Require state agencies to use some of their default reserve funds to supply loan counseling and debt management information to schools and colleges for use in entrance and exit interviews in the financial aid offices. Massachusetts spent more than $250,000 developing these materials and we should not be criticized for giving some of our reserve funds to other non-profit organizations who will help carry out the work of producing videotapes, personal budget worksheets, and pamphlets for new college graduates. Department regulations now require that reserve funds be used only for default payments, not for debt counseling.

3. Ask all of the states to enact laws which pursue defaulters such as tax set-off bills, wage garnishment laws and measures denying state licenses and professional certificates to those adults who fail to repay. Also, some newspapers have willingly published the names and addresses of employed professionals who have not repaid their student loans, the twentieth century equivalent of "the stocks" of Puritan times. The Quayle bill requiring annual federal reports should go further to require state and local disclosures and penalties.

4. Publicize and promote parent loans or family loans with credit-worthy supporters of the students. This market rate program has a default rate of less than one percent but suffers from an artificially low limit on loan amounts ($4000 per year) and inadequate promotion from the administration, Congress, and the colleges. Raise the PLUS loan limit to $10,000 for credit-worthy parents to take the onus off their children.

Finally, Mr. Chairman, I will enumerate what the Congress ought not to do if it intends to preserve the integrity of the GSL program. "To every complex problem there is a simple solution, and it is almost always wrong" warned H.L. Mencken. The Congress should discount several junk solutions to a very complex problem:

1. Require banks or guarantors to sue all defaulters during the first six months of delinquent payments. Almost half of student loans defaulters experience problems getting employment or a full-time job or solving serious financial, marital or health problems. Yet this solution, "take them to court right away" is currently the federal policy on health loans to young doctors, incorrectly named the HEAL program. Court action is expensive, time consuming, and should be the last resort not the immediate remedy.

2. Cut off the schools whose students default, despite the fact that 70 or 80 percent of those students and their younger brothers and sisters will get better jobs, pay back their loans, and pay more in taxes. This is the declared intention of the Education Secretary despite the fact that the schools do not make the loans, are not supposed to collect them, may have lost touch with half of the alumni, and can repossess neither the education nor the diploma. The most they can do is deny issuing the official transcript or any positive recommendations about the graduate. The Quayle bill assumes that a school can co-sign or repay a bank loan, which may be preferable to a cutoff.

3. Punish the state or private guaranty agency for helping persuade banks to lend money to inner city students attending specialized schools or community colleges. A state with no big cities or metropolitan areas will have few defaults compared to states with many inner city students. The Congress could, however, provide a five basis point special allowance incentive to states like Illinois whose secondary markets are willing to buy the loans of hard-to-collect students from their banks after sixty or ninety days. We would do this in New England with just a little encouragement.

4. Demand that banks phone the borrower every twenty or thirty days and if they miss one call, one day, deny federal reinsurance and make the bank or state guarantor eat the default. This is an actual proposed regulation from the Department of Education. This effectively repeals Christmas, Easter and the Fourth of July or the future prospect of blizzards, tornadoes or other unforeseen closings of banks or state capitals. As public policy it is worse than the evil it pretends to cure. It could close down the program if adopted. We who collect the overdue loans need reasonable flexibility, judgement, time and the several collections tools outlined in the front four suggestions.

Any Congress wishing to curb defaults should reinstate loan eligibility for the middle income students who know how to repay banks and restore federal grants and fellowships for public servants -- the teachers, future professors, nurses, social workers and artists who will serve our human and cultural needs. As one financial aid officer said, "You are now denying loans to those students most likely to repay while keeping eligible those most likely to default."

Finally, allow the interest rates on non-subsidized loans to be set each June at a rate equal to the yield on subsidized loans (T-bill plus 3.25 percent) so that working class and middle-class students can get access once again to student loans available, under the so-called Congressional methodology, only to "at risk" low-income students.

Clearly, more will be done on a federal level to combat defaults. When this subcommittee considers a default reduction measure early next year, I hope that the balanced solution will recognize successful state strategies and avoid penalizing postsecondary institutions.

Dr. Joseph M. Cronin's Answers to Senator Hatch's Questions

GSL Default Oversight Hearings of December 11 and 18, 1987

1. Guaranteed Student Loans play a much larger role in financing higher education today than they did 20 years ago. A greater number of students from a broader range of income and backgrounds is borrowing more and more. A program initially designed to supplement tuition funds for middle income families has grown to compete with grants and scholarships as the mainstay of financial aid for the needy. MHEAC guaranteed the first HELP loan in the country in 1956. The federal government embraced our plan in 1965. Since that time, however, the GSL program has, with unfortunate consequences, been relied upon by hundreds of thousands of student borrowers better served by grants and scholarships.

2. Partners in the program must lower the cost of defaults to the federal government through a variety of default management, cost reduction and risk sharing techniques. With minor exceptions, the GSL default rate has remained relatively stable, between 9 and 11 percent. Costs of defaults to the federal government, however, have increased from $286 million in 1982 to $1.3 billion in 1986. The rate, also, can and should be reduced.

3. Using the federal definition of default as it applies to MHEAC's "reinsurance trigger," the Massachusetts 1987 rate stood at 3 percent, down from 3.7 percent in 1986 and 5.1 in 1985. MHEAC's 1984 rate was 4.4 percent, its 1983 rate 3.8 percent. Our cumulative rate, however, is just under 10 percent and our cumulative total exceeds $200,000,000.

4. Evidence indicates that dropouts are more likely to default than those who complete their education, that those who attend proprietary schools or community colleges are more likely to default than those who attend private 4-year institutions. Evidence also shows that students from low-income backgrounds are more likely to default than students from middle-income backgrounds. Strategies to reduce default must recognize these characteristics. Delayed disbursement of loans to students could ensure that loan proceeds do not reach the student prematurely (evidence shows that the first several weeks or months of study are critical). Grant money should be "front loaded," and loan money held as long as possible to avoid disbursement prematurely. Any policy to avert defaults should ensure that schools exhaust Pell and GSL options before granting an SLS, and aggressive counseling sessions targeting those most likely to default.

5. Some of the highest defaults are at "clock hour" trade and career schools with no source other than GSL, no other package. Those schools use GSL for 50-90 percent of the students, 100 percent of the aid. This is a source of great concern. Either extend Pell benefits or, as the New Jersey Board of Regents of Higher Education has suggested, reduce or eliminate GSL for these schools.

6. Proprietary and community college sectors frequently experience higher rates of default. A financial aid package which includes less reliance on loans, especially the first six weeks or semester, would clearly reduce default figures in these sectors.

7. The Administration offered ICL proposals to the Congress both in 1986 and 1987. The idea is not new; it was suggested in various forms in the 1950s by Milton Friedman and others. An experimental period is necessary because: (1) collection of ICLs would require regular recalculation of an individual's income as it changes. This requires extensive self-reporting by individuals; (2) serious issues in income reporting always arise with self-employed individuals, business people who plow earnings back into a company and divorces; and (3) ICL interest is staggering. The Sallie Mae consolidation options are an effective form of graduated repayment.

8. Reduction of reinsurance to the lender could negatively affect access (major GSL lenders have already ceased lending to high default schools due to costs); reduction of reinsurance to guaranty agencies is possible if agencies are allowed to retain a greater percentage of recoveries; due diligence regulations are currently excessive and unrelenting. Rehabilitating delinquent loans requires flexibility and should be encouraged.

9. Institutional responsibility for "managing defaults" and collecting unpaid loans must be increased, and I applaud the great number of proposals emanating from the institutional sector. Clearly schools are prepared to do more, and it is legitimate to expect more from them. NCHELP will provide a list of measures.

10. To soon to tell.

11. Five percent defaults.

    o Positively. Ninety percent of borrowers are repaying their loans on time and with interest.
    o grants and loans are superior to working more than twelve hours a week.

12. Yes - gross vs. net, annual and cumulative. Dollar amounts are much more helpful than number of loans. Lender default rates are less important, for their portfolio normally determines their rates, and GSLs are 100 percent guaranteed.

13. Several Massachusetts lenders left the program during 1987 because the paperwork requirements became more onerous and lender yield was cut.

14. Risk sharing in the GSL program today is essential to preserve our capacity to assist students in paying for school. Costs are increasing at an alarming rate. Guaranty agencies must expect to share in the burden, but we also ask a chance to share in retention of recoveries.

15. In Massachusetts only 10 percent of our schools admit non-diploma (or GED) students. They amount to 20 percent of our defaults.

16. Local guaranty agencies are better equipped to collect. In Massachusetts for example, the state legislature approved measures to assist us in collecting. The Department can garnish federal employee wages but cannot subrogate and collect more from others.

17. Transcript withdrawal is a minor tool. Few employers require one. Only Ph.D.'s and other graduate students affected.

18. We should try to reduce default rates at all schools, not justify rates above 20 percent. To default is to lose access to all future credit for many years.

19. MHEAC pioneered the use of reserve funds to support loan counseling strategies and debt management advisory programs. I referred to these activities at length in my testimony, and respectfully stress to the subcommittee: Guarantee agencies ought to be required to make these counseling materials available free of charge.

Senator **STAFFORD**. Mr. Chairman, I am going to have to leave. May I insert one last thought before I go?

Senator **PELL**. Please.

Senator **STAFFORD**. Dr. Cronin, I listened carefully to what you had to say about the student default cost rate. I am now looking at a graph prepared, I believe, by the United States Department of Education which does indeed indicate a virtually flat rate between 1986 and the estimated rate for 1987. It also shows a sharp rise for fiscal year 1988, which we are currently in, to the $1.6 billion point we have been discussing.

I believe there needs to be a footnote to this that should be part of the record. It is as follows:

> Guaranteed Student Loan default costs dropped in fiscal year 1987 because Congress extended the time between loan delinquency, default declaration and default payment by the Department of Education. This delayed the fiscal year in which default costs were incurred thereby artificially lowering the fiscal year 1987 default costs.

In view of your testimony on the subject. I believe this should be included in the record.

Senator **PELL**. Thank you.

Mr. Blair?

Mr. **BLAIR**. Senator Pell and Senator Stafford, I am extremely pleased to be here and have the opportunity to discuss with you the initiative that began well over a year ago. This is the Private Career School Default Management Initiative.

When we began this process we knew two things. First, the default rate was the function of the student population served. All of the research showed that the lower the income of the student population served by the school, the higher the default rate.

The second thing we knew was the cost of defaults was a function of the volume. As the volume rose, so would the cost of defaults.

What we were concerned with, that one, great, wake-up morning when default rates were discovered and classified as a problem, well-intended people might possibly implement policies that would inadvertently penalize the students most in need of their loans.

As Senator Simon said when he introduced his bill recently, the proprietary schools could easily become the whipping boy. We have seen that in one sense with what Chase Manhattan has done in simply looking at proprietary schools as an easy answer for their elimination, thus elimination of the default. We also see that in Secretary Bennett's proposals and in his accusations in this very room a week ago.

The second concern we had was ideas that on the surface sound terribly logical, but won't in fact work when implemented. Or, in fact may backfire, most specifically, the concept of shared risks. As you talk about lenders getting more involved in the sharing of the risks or guarantee agencies or schools, the tendency won't be to create a pattern of behavior that you wish; they will simply walk from participation in the program.

The third area that we were concerned about is any fixed percentage of defaults as becoming a good versus another default rate being a bad. As seen in Secretary Bennett's proposal, what this will simply do is penalize those institutions effectively serving high risk students and at the same time not really addressing the problem, because with their 20 percent proposal, 60 percent of the default dollars reside in institutions with default rates less than 20 percent, and that will not be addressed in the secretary's proposal.

So what we were also doing at this time is working with the education amendments and the changes that came about in 1986 to increase the role of the institutions and their ability to participate. But what we wanted to create was a system of activities that the schools, lenders and guarantee agencies could address and that could in fact reduce defaults down to the lowest possible level and with that demonstration of commitment, shift the conversation to the real issue at hand, which is the human capital question in this Nation—how do we, in fact, train the people who desperately need the training, and we as a Nation need training, and use loan capital and a reasonable default rate to accept that way of financing.

We also wanted to create something that could be used by everyone. This is not an initiative that is singularly focused on the proprietary schools. It deals with anybody who is dealing with high risk students.

So what is different about what we have done? First of all, all the parties were involved in the establishment of what is in this document—lenders, guarantee agencies, schools, school owners and directors, financial aid people, secondary markets, and even the Feds.

Second, it is embraced by all of the national proprietary associations in the United States.

And third, the philosophical premise of this is we take people where they are and create support systems to move them into a behavior that is desired rather than to expect people to behave in a certain way and then penalize them if they don't act that way.

So what did we do? We identified the problems, and we came up with what we believe are solutions.

Problem: We noticed that there are separate players—schools, lenders, guarantee agencies—each acting on their own. What we are suggesting is a partnership and an inter-relationship of those players to support each other.

The attitude of the students to create a sense of ownership so that they carry the idea that making that program work is their responsibility and that an ownership concept be also maintained by the schools, the lenders, and the guarantee agencies.

That schools become advocates for the students in understanding what the loan is, understanding what their requirements are, and in fact supporting the student in doing what is necessary to make regular payments or to deal with confusion if confusion exists.

To assist the student in understanding what their rights and responsibilities are, a whole series of documents are in here that will be provided to the institutions to assist the student in understanding how to make it work and if it doesn't work, how to fix it.

There is confusion on the part of the students in knowing, for example, if they have multiple lenders or multiple guarantors and how to deal with that. Dropouts, how to deal with dropouts. If you have a problem with dropouts, combine your entrance and exit interview into the same process so that if they do leave without an exit interview, they at least know that they are supposed to repay their loan. If you lose contact during the grace period, maintain it, by the schools, by the lenders; don't simply wait until a student defaults.

We have a whole series of recommendations that come out of this document that we have presented to the Congress. We find that there are other problems that need addressing. There is very limited data. There is a problem with the annual default rate, and Senator Simon's bill has included several of our pieces that we have suggested on that, and most particularly looking at the limit, suspend and terminate in which Senator Simon's bill says that any L, S and T should be based upon the population served and credit given to those schools that successfully serve high risk statement populations.

We think that it is terribly important that we develop an appropriate default rate, given the population served by the different schools.

Thank you, sir.

[The prepared statement of Mr. Blair follows:]

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NATTS

Remarks of Stephen J. Blair, President of the
National Association of Trade and Technical Schools

Before Subcommittee on Education, Arts, and Humanities

December 18, 1987

10:00 a.m.

430 Dirksen Senate Office Building

Oversight Hearing on Defaults in the
Guaranteed Student Loan Program

Senator Pell, members of the Subcommittee, I am Stephen J. Blair, President of the National Association of Trade and Technical Schools. It is pleasure for me to be here today to discuss with you the private career school default initiative.

Until now, no organized effort has been launched to reduce student loan defaults. Educational institutions have been stymied in their attempts to become actively involved in default management because they are unable to access the necessary information to determine their default rates. Schools have been statutorily precluded from taking significant action on loan collections.

Realizing the impact the high loan default rate will have on responsible students who truly need postsecondary education and training, the National Association of Trade and Technical Schools (NATTS) and the Association of Independent Colleges and Schools (AICS) began implementing the Private Career School Default Management Initiative more that a year ago.

The Private Career School Default Management Initiative seeks to improve the administration and operation of the GSL program at all levels. We are pleased that the National Association of Accredited Cosmetology Schools (NAACS), and the National Home Study Council (NHSC) have joined us in our effort to strengthen the existing student loan repayment program.

The primary objective of the Private Career School Default Management Initiative are to:

- Educate postsecondary institutions on how to effectively work with students throughout their academic/training career on repayment responsibilities and financial credit development;

- Improve communication among all parties involved: borrowers, lenders, guaranty agencies, financial aid administrators, school owners, and Department of Education officials;

- Stimulate aggressive collection procedures; and

- Encourage borrowers to repay their loans on time.

The initiative will accomplish these objectives by providing private career schools with a Default Management Manual and implementing the Default Management Training Program.

The manual will provide career schools with:

- A clear understanding of who defaults and why based on the best available research;

- A process for analyzing their own GSL default population;
- A comprehensive set of policies and actions that define an effective school-based default reduction program;
- A complete set of student materials that provide borrowers with the information and procedures they need to effectively manage their student loans; and
- A planning process that allows schools to develop their own default management program.

Guidelines set down in the manual will be reinforced in default prevention workshops to be offered nationwide between November 30, 1987 and April 30, 1988.

PRIVATE CAREER SCHOOLS TODAY

Private career schools account for almost two-thirds of the postsecondary institutions engaged in career training in the United States, and nearly three-fourths of all postsecondary vocational school enrollments. Today, more that two million students are attending private career training schools nationwide.

Although recent high school graduates represents the largest percentage of recruits each year, today's private career schools also serve many who seek to enter or reenter the work force (42% women), displaced workers who need retraining for a new occupation, and college graduates seeking a marketable skill. Students attending these schools can choose from more than 110 different career training programs, from aviation mechanics to X-ray technology.

DEFAULT RESEARCH

The most important point revealed by available research is that needy students are likely to default no matter where they attend school. The following is a characteristic breakdown of defaulting students:

- Students from low-income families (under 10,000) at the time they take their loan are most likely to default (VELA, 1985; Wilms, Moore, and Bolus, 1987).
- Defaulting students are more likely to be enrolled in a proprietary or community college or historically black colleges (VELA, 1985; Kuck, 1978).

- Total indebtedness of defaulters is between $2,000 and $2,500, which is lower that those in repayment (VELA, 1985).

- Those who default are likely to have been in school only for the first undergraduate year (VELA, 1985).

- There is an inverse relationship between the number of years of school completed and the probability of default. Students completing only one year have a much higher default rate than those completing four (HESC, 1984).

- Those who repay their loans are three times as likely to report help from their family in repaying loans than those who default (HESC, 1984).

- Those who repay their loans have higher fixed costs during repayment but the cost represents a lower share of their income than is the case for those who default on their loan (HESC, 1984).

These studies suggest that the very students who are targeted for Federal help are the most likely candidates to default. Research also suggests that improvements in program management and one-on-one communication with the student will lead to decline in loan default. The Private Career School Management Initiative strongly urges institutions to work with each student who participates in the GSL program.

INITIATIVE STRATEGIES

The Private Career School Default Management Program can best be summed up in the concept of ownership: each party must take a measure of responsibility for the entire process to work. For schools, this means supporting the student in understanding what is involved in securing and repaying a loan, and acting as an advocate for students when they are confused or in need of someone to help them deal with a lending institution. Schools must also work with the lender and the guarantee agency when the student goes into delinquency or cannot be found.

The Management Program can be divided into the following four phases:

- Recruitment/Pre-Enrollment - All institutional materials that are to be given to students during this phase concerning financial aid should be reviewed by the school's financial aid officer to insure completeness and accuracy. At this time it will be made clear that loans are to be repaid. Withdrawal and refund policies should be reviewed with the student during this phase.

- Registration - The rights and responsibilities of the school and student regarding GSL fees, refunds, and defaults should be outlined at this time.
- Graduation - There should be an exit interview explaining loan program repayment options and the student's responsibility to make prompt payments.
- Post-Graduation - The school can help the student understand and exercise deferment or forbearance options to avoid default.

ECONOMIC AND EMPLOYMENT CONSIDERATIONS

In order to remain competitive a company or a nation must invest in human resources to improve productivity. If we do not have the workers for an increasingly complex economy, we as a nation will continue to lose in the economic competition with other industrial countries.

Private career schools are a cost effective way to make this investment. They receive no direct public support, in fact they pay taxes. The students are more likely to complete their program than are students in other types of schools. Finally, graduates are as likely to get jobs in their fields as students trained in other types of institutions.

Private career schools are an important part of our national training effort, and play in integral role in our nation's ability to compete in the world marketplace. Over 70 percent of private career school graduates report placement in a job for which they are trained (Greenberg and Torabi, 1985). Statistics indicate that these schools now provide most of the needed training for the jobs of the future.

According to the Department of Labor, the occupations that will experience the highest rate of growth in the next ten years are: paralegal personnel, computer programmers, system analysts, medical assistants, data processing equipment repairers, electrical engineers, electrical technicians, computer operators, travel agents, physical therapists, and physician's assistants.

Researchers report that students with job-specific training are more productive and receive a higher income than those without the training.

Conversely, unskillled workers are more likely to be unemployed. A high school drop-out is twice likely to be unemployed as someone with some postsecondary education (Wiesberg, 1983). The prison population averages about two years less education than the population in general (Ehrlich, 1975). It costs much more to have someone in jail for a year than in an Ivy League college. Vocational training is a key to reducing the long term social costs of unemployment by helping the needy qualify for jobs.

It is tempting to save money in the GSL program by denying needy students access because they are most likely to default. But we must also focus the public policy debate on the real issue -- the cost of serving needy students versus the cost to society of not training an important part of our workforce.

The most efficient way to estimate these costs is to evaluate what high school dropouts cost society. Grant and Snyder (1983) report that the earnings of men 25 years and older who did not finish high school have declined as a proportion of average earnings of all men age 25 and older from .99 in 1956 to .86 in 1971, then to .71 in 1981. Lever estimates (as reported in McDill, Natrille, and Pallos, 1986) that in 1972 lost tax revenues from high school dropouts age 25-34 were $71 billion.

These researchers also estimate that out of 3.8 million high school sophomores in 1980, 516,000, or 13.6 percent dropped out. As a result, these dropouts can expect to make $215,000 less during their lifetime than those who graduate from high school.

By multiplying the number of dropouts by the lifetime income difference, the lost income of one year's dropouts (private cost) comes to $55.47. If a marginal tax rate of 15 percent is applied to the lost income, the public loss is $8.32 billion, or $16,125 lost taxes per high school dropout. If a GSL helped one of these students succeed, the one success would pay the costs of five defaulting borrowers.

SUMMARY

It is important to remember that the student loan default problem is not a by-product of the institutions involved, but of the population being served. Economically and educationally disadvantaged students are more likely to default on loans. They have not been encouraged to save money, manage their incomes, or pay back their loans.

In order to make significant changes in GSL default rates, it is clear that a joint effort among all concerned parties -- the borrower, lenders, guarantors, loan servicers, schools, and the Federal government must be initiated.

The one-time cost of a Guaranteed Student Loan is a long-term investment in the individual and the economy. If that investment is not made, the true price is paid in the future.

I will be happy to respond to any question you may have.

Senator PELL. Thank you very much. This document you have given us, is that more advice for a financial aid officer, or is it for the student?

Mr. BLAIR. Actually, it is both, sir. The beginning chapters are about how the school can support the student in setting up information, process and support. Chapter 6 is a stand-alone document that is given to the student. It provides the student his rights, his responsibilities, forms, and most particularly if, for example, they go into delinquency because they can't pay, how to contact the bank, what to write to them.

Senator PELL. In other words, Chapter 6 is a separate pamphlet for the student. The rest of it is for the administrators?

Mr. BLAIR. Yes, sir.

Senator PELL. Thank you.

Ms. Fuller, I want to thank you so much for changing your plans. I understood you had some difficulty in doing it, and you were very kind to do so. We had to change the day of the hearing, as you know, to today. But I understand that you and Mr. Sweet, rather than making a verbal presentation, each have a TV presentation which we would be glad to see. That monitor, the audience can see, and this screen, we can see up here.

Ms. FULLER. Mr. Chairman, can I take a couple moments for a few comments?

Senator PELL. Yes. Try and limit yourself to the five minutes.

Ms. FULLER. OK. Thank you again for the opportunity to be here today and present a few ideas that have been initiated by the Fashion Institute of Design and Merchandising.

My name is Norine Fuller, and I am executive director of the Washington Office of the Fashion Institute. We are a proprietary institution. We have five colleges in California, 4,000 students, and we educate them in areas of fashion design, fashion merchandising and interior design.

We have a placement rate of over 97 percent of our eligible graduates to go into the industry, and we are one of the largest suppliers of educated individuals to the apparel and interior design industries.

Approximately 3 years ago, the Fashion Institute became concerned with the problem of defaults. We saw it as a problem at our institution and wanted to take a proactive approach to this problem.

We initiated something right on-campus, which was a very simple program. We wanted that student to be aware that they in fact did have a loan, and we wanted to draw it to that student's attention.

The program was very simple. It was the Guaranteed Student Loan bumper sticker program. Every time a student came in to get their loan checked, they were given one of these bumper stickers that says, "If you don't repay your student loan, you may not have a bumper to stick this on." This sort of hit home with the students and made them realize that maybe in fact they did need to pay attention to that loan, that they were going to have to do something about it at some point in the future.

Later on, we decided to do something else to drive the point home a little bit further to the students to make them aware that they had a loan and make repayment of that loan a personal issue.

In 1985, "Credit for My 'Vette" debuted. It was kicked off with a Congressional reception. "Credit for My 'Vette" is a 5-minute music video designed to encourage students to repay their loans.

With 16 sponsors, "Credit for My 'Vette" was produced by FIDM Productions, and now over 2,000 educational institutions are using "Credit for My 'Vette" as a preloan counseling tool and exit interview tool. In a few moments you will see the video, "Credit for My 'Vette" along with a 60-second public service announcement.

The bumper stickers and the video were designed to get the students' attention. Then in April of this year, we developed "Default Detours". "Default Detours" is a six-step plan written for the financial aid officer and is a plan of action for them to implement on-campus. It is easy to read. It is six simple steps, and in conjunction with the six steps we have sample forms. The sample forms are generic and can be used by any educational institution. The program is easy to implement on any campus.

The six steps include at the time the student endorses the loan check, you have that student come into the office, give them the bumper sticker, remind them verbally that they have a student loan, ask them to complete the student loan checklist which asks them such questions as "do you realize this is a loan, do you know who your lender is?" Then we also ask them to write out why they are going to repay their student loan.

Senator PELL. Thank you. Are you ready for the television now?

Ms. FULLER. Yes.

[The prepared statement of Ms. Fuller and responses to questions submitted by Senator Hatch follow:]

THE FASHION
INSTITUTE OF
DESIGN &
MERCHANDISING

FIDM

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For Release 10:00 am (EST)
Friday, December 18, 1987

Contact: Norine Fuller
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Norine L. Fuller
Executive Director
The Fashion Institute of Design
and Merchandising

Testimony on Student Loan Defaults
for the
Senate Subcommittee on Education,
Arts and Humanities

LOS ANGELES
SHERMAN OAKS
SAN FRANCISCO
ORANGE COUNTY
SAN DIEGO
[illegible]

"Buy now, pay later", few of us have escaped the urge to obtain a product or service on an immediate basis through credit. Education, too, has succumbed to the enticement. The Guaranteed Student Loan Program (GSLP) has provided credit to millions of students to assist them in meeting their educational objectives.

We have taken to scaring, daring and chasing students into loan repayment. Still we face a $1.6 billion dollar dilema.

In 1984 The Fashion Institute of Design and Merchandising (FIDM) began an institutional campaign to increase awareness among borrowers that they had a loan and to make repayment of that loan a personal issue. (FIDM is a fully accredited, California based, two-year college, offering Associate of Arts degrees in Merchandising, Fashion Design and Interior Design. A proprietary school, FIDM has an enrollment of over 4,000 full-time students and five campuses. More than 11,000 FIDM graduates are currently working in the fashion industry and 20,000 will enter the workforce in this decade, making FIDM one of the largest employment resources in the country for the rapidly growing fashion industry.)

In 1984 FIDM developed its GSL Bumper Sticker Program. Simply put, every student, at the time of disbursement received a bumper sticker which read "If you do not repay your student loan, you may not have a bumper to stick this on". The sticker attracted the student's attention; it helped make them aware that they had a loan. To date over 20,000 bumper stickers have been distributed nationally.

In 1985 FIDM developed "Credit for My 'Vette," a five minute music video designed to encourage students to repay their student loan obligations. "Credit for My 'Vette" makes the student aware that loan repayment is a personal issue and of particular importance when one wishes to maintain a credit approved future.

"Credit for My 'Vette" joined educators, lenders, associations and others to participate in a pro-active approach to the default problem. With contributions from sixteen sponsors the production of "Credit for My 'Vette" was made possible.

Association of Independent Colleges and Schools
California Student Loan Finance Corporation
Citibank
Consumer Bankers Association
Crocker National Bank
Educaid

FIDM
First Independent Trust
First Interstate Bank
Florida Federal
Manufacturers Hanover
Marine Midland Bank
Meritor Financial Group
Security Pacific Credit Corporation
Union Trust Company of Maryland
Wells Fargo Bank

Now more than 2,000 educational institution are utilizing "Credit for My 'Vette" in exit interviews and pre-loan counseling.

During 1986 over 50 proprietary institutions were surveyed about their use of "Credit for My 'Vette." The response to the questionnaire was 25.3%. When asked how the institutions utilizes the video the responses were as follows:

4% report that they use "Credit for My 'Vette" one or more times a day

6% use it at least once a month

48% use it at other intervals for graduation orientations, seminars and assemblies

8% do not use it

"Default Detours" made its debut in April of 1987 with a handbook, a video and workshops. The handbook is an easy to read, six-step plan of action written for the financial aid officer. The program is adaptable to any institution type and provides the user with sample forms to be utilized in conjunction with the six steps.

The "Default Detours" video is a glimpse of the default problem as seen through the eyes of students, the Congress, the Department of Education and the Consumer Bankers Association.

Day long workshops were held in New York and Los Angeles for aid administrators to provide guidance and analysis of the default problem. Panel participants included the U.S. Department of Education, Citibank, National Educational Lending Center, State Guaranty Agencies and others.

Nationally over 2,600 schools and colleges have received copies of the "Default Detours" handbook.

Keeping our students on the road to repayment is our own personal issue as we strive to protect educational opportunity.

THE FASHION
INSTITUTE OF
DESIGN &
MERCHANDISING

FIDM

WASHINGTON HARBOUR
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January 28, 1988

Mr. James W. Powell
Editor
Senate Committee on Labor and
Human Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Powell:

Enclosed please find my responses to the questions prepared by Senator Orrin Hatch for witnesses who testified before the Subcommittee on Education, Arts and the Humanities on December 18, 1987 during it's oversight hearing on GSL defaults.

Thank you for the opportunity to respond.

Sincerely,

Norine Fuller
Executive Director
The Fashion Institute of
Design and Merchandising (FIDM)
Washington, D.C.

encl.

LOS ANGELES
SHERMAN OAKS
SAN FRANCISCO
ORANGE COUNTY
SAN DIEGO
PARIS

Question #1

To provide financial assistance to student and families who do not have the means available to attend postsecondary education.

Yes, I believe the current cost of GSL defaults indicates the necesity of program modifications.

Question #2

In dealing with the default problem one must lower the cost of defaults which will in turn lower the cost of the program.

Legislatively, a number of bills have been proposed on capitol hill. Many of the bills deal with a cut off of GSL participation when the institution's rate reaches a certain percentage. I am troubled with this approach primarily because it limits access to serious students who will benefit from the educational experience and will repay their student loan.

Rather than a complete denial of GSL participation by high default institutions, I would suggest that those institutions, once they reach the trigger, "bond off" any future GSL by contributing to an established private insurance fund. (The idea is similar to Private Mortgage Insurance.) This type of fund could be called Private Loan Insurance (PLI) with the institution contributing $50 per GSL. Should the student go into default the PLI is retained. If the student goes into repayment, an institution will receive a rebate based upon the institution's default rate.

Example: An institution of 4,000 students has 70% of the students utilizing a GSL. If that institution has reached the trigger they will be paying $50 on 70% of their student population.

Default Trigger is 25%	Institutional Default Rate	PLI Rebate (on loans which go into repayment)
	30%	70% of $50
	75%	25% of $50

Once the institution lowers their default rate to below the default trigger, they no longer have to pay PLI.

Question #3

The rate really has not increased but the volume of GSL's made has increased so that the dollar volume in defaults has increased.

Question #4

It is difficult to administer dollars for GSL based upon a "profile" without being discriminatory. People need the opportunity to succeed; to pre-determine who would not is wrong.

Question #5

I would like to see a more equitable distribution of grant, loan and work aid. At present though, most students need all the aid available to them to meet their education costs.

Question #6

Some studies have shown that the shorter the program and the less loan money borrowed, the more likely the student is to default. Conversly, studies also indicate that once a student begins his/her repayment the more likely the student is to continue that repayment. Our goal should be to get that student to make his/her first payment.

Students can be encouraged to make those payments by offering such things as pre-payment incentives.

Question #7

If a student were offered a choice of loans, ICL or GSL, I believe students would continue to select the GSL because it has a more stable repayment schedule.

A student borrowing a maximum ICL of $17,500 and wanting to pay off the loan in 20 years, at an interest rate of 15% the required income would be $42,240. I believe the chances of default are great.

The ICL program is a revolving program similar to the Perkins Loan, thus defaults play an important role in fund availability. History has shown us that under the Perkins Loan the default rate is 15-16% of all money borrowed. Only 10% of all loans borrowed under the GSL program go into default.

Question #8

As was proposed in answer #2, this is a way of addressing shared risk and raising private capital.

"In-kind" contributions of increased counseling, greater student contact on the part of the educational institution is only one example of private capital contributions.

Question #9

Responsibility on the part of the institution begins with making that student aware of the fact that he/she had a loan and repayment of that loan is a personal issue. Institutions must make certain the student knows and understands all the deferment provisions, name and address of lender, repayment schedules and indebtedness summaries.

Oftentimes the student feels more comfortable speaking with an individual from the educational institution if he/she needs help with their GSL repayment. For example the student may need to initiate a new repayment schedule due to financial hardships. The institutional representative, however, cannot adjust payments (or implement other changes) but can only direct the student to the lender. Many times the student will become frustrated in trying to reach the lender, or he/she may be confused by the role of the billing agency, the state guarantee agency, the secondary market, etc. The student may have all good intentions of making payment but he/she becomes frustrated.

The issue of missing students is another concern. A student may have experienced the ill effects of non-repayment of the loan (poor credit rating, etc.) and he/she may wish to begin or resume repayment. The student, however, has lost all contact with the lender (or he may not even recall the lender) or the lender may have sold the loan or perhaps it is in collection.

There should be a means available (perhaps through the national data bank) for that student to voluntarily come forward and make arrangements to resume payment.

Question #10

At an institutional level we have found that increased debt counseling and multiple disbursements have resulted in a high incidence of loan cancellations or returned second disbursements. Though there does not seem to be a correlation between high debt and defaults I believe we owe it to our students to counsel them so they make prudent decisions regarding their own indebtedness.

Question #11

Repayment of GSL's is greater than repayment of SBA loans and farm loans. In 1983 the loan volume was 21.3 billion with a net default rate of 10.1%. In 1986 the loan volume was 68 billion with a net default rate of 8.9% in 1985. The net rate has obviously decreased.

I believe we would see a continued decrease in the rate if we went back to defining default rates in "NET" terms. There is then an incentive for the school to work with the student in getting back into repayment.

The program must remain in place and I would hope to keep default rates below 10%.

Question #12

See answer #11

Question #13

Due diligence should be followed as outlined in the federal regulations. However the states should be allowed to initiate their own cure procedures.

Question #14

Insurance and re-insurance must remain in place but again "net" default rates should be used when calculating the rate for the agency. They then have an incentive to work with pre-claims and defaulted students.

Question #15

Ability to benefit students should continue to be eligible to participate in GSL's. It may be the only opportunity to eliminate their continued dependence on welfare.

Question #16

no knowledge for response

Question #17

Many dropout student defaulters continue to use campus facilities, (i.e., library, parking, recreation facilities, placement services). These should no longer be available to the defaulters.

Question #18

Accrediting associations should be made much more aware of the default problem so that increased efforts for self-regulation will emerge.

Question #19

A portion of state agency reserves should go to increase communication with the student who has left or graduated from school. Many student are still unaware of the consequences of a defaulted loan. Many students have gone into default and want to begin or resume repayment but they don't know where to start. Each state agency should use funds to operate a toll free number for the defaulted student. Public service announcements are a must.

SENATOR HATCH'S QUESTIONS

GSL DEFAULTS OVERSIGHT HEARINGS

DECEMBER 11 AND 18, 1987

GENERAL QUESTIONS--ALL WITNESSES

1. What do you believe is the purpose of federal student financial assistance? Does the current cost of defaults in the GSL program cause you to believe there should be any modification of that purpose?

2. What should we mean when we say we "want to deal with the default problem"? lower the cost? lower the rate of defaults? both? ______________?

3. What has been your experience with the default rate in the GSL program? Has it increased or decreased in the last five years?

4. Who is the defaulter? Is there a "profile", i.e., are there one or more typical demographic characteristics, of a student borrower who defaults on a GSL?

   o It seems reasonable to believe that at least some of the measures we can or should adopt to deal with the default problem may require an understanding of the particular group of students who do not repay their GSLs. Thus, if you believe there is a typical defaulter, can you recommend specific compensating measures or policies, consistent with the underlying purpose of federal student financial assistance, which we should adopt?

5. Is there a correlation between the default profile and a typical student financial aid package? If so, what recommendations, if any, would you make for changing the typical aid package? Why?

6. Is there a correlation between the default profile and the type of postsecondary institution attended? If so, any recommendations--particularly any concerning the appropriate student aid package at that type of school?

7. A prominent proposal for change in the aid package is the proposal for "income-contingent loans". Would supplementing or replacing GSLs with income-contingent loans reduce default costs or rates?

8. Of the total funds expended in the GSL program, a small amount of federal monies is utilized to leverage a far larger amount of private capital. This "conserves" the taxpayers' dollar while expanding the availability of federal student aid and "access" to education. It would be shortsighted if, in

dealing with the default problem, we lost sight of the tremendous reliance of the program on private capital; we cannot afford replacing private with federal money.

- Thus, in your opinion, are the following proposed measures (or others on which you would care to comment) compatible with retaining sufficient participation of private capital in order to ensure educational access: reduction of insurance to the lender? further reduction of reinsurance for guaranty agencies beyond that in the Higher Education Amendments of 1986? other so-called "risk-sharing" proposals? requirement of a uniform guaranty fee? various increased due diligence proposals?
- Would implementation of any of these measures retain sufficient private capital only by some corresponding increase in financial cost to the student?

9. The responsibility of postsecondary institutions for ensuring repayment of federal student aid obligations was increased in the Higher Education Amendments of 1986. Various institutional organizations or groups have recently begun "default management" or other programs recognizing some measure of institutional responsibility. Secretary Bennett's November 4, 1987, policy increases institutional responsibility even further.

- What is the legitimate extent of institutional responsibility?
- Congress has limited the lending activities of postsecondary institutions, believing that these institutions should concentrate on educating students. Currently, there also is enhanced emphasis on the need to upgrade the quality of education offered by these institutions. As with involvement in lending activities, is there a point at which enhancing institutional responsibility for repayment of student aid could conflict with holding institutions responsible for education quality?

10. What has been your experience with default rates as a result of multiple disbursement and other due diligence amendments enacted in the '86 Amendments? If these had been in effect throughout the past five years, what effect do you believe they would have had on default rates?

11. Given the difference between GSLs (e.g., no credit check, no collateral requirement) and standard commercial loans, what is a

realistic expectation of the minimum default rate for this program, assuming, of course, that every borrower with the ability to repay should repay the debt owed to the American taxpayer.

- Given the expansion of the GSL program, the rise of default costs, and a realistic estimate of repayment rates, should the federal government continue this financial aid program?
- What are the implications of your estimate of the minimum possible GSL default rate for student aid in general and student loans in particular?
- Would the taxpayers' dollars now being spent for default costs be better spent on grant programs? On work-study programs?

12. Do we need a uniform definition of "default"? What is your preferred definition and why? What are its strengtns and weaknesses? Once a uniform definition is established, if various policies or procedures dependent on a "default rate" are instituted, should the rate calculation be based on a sufficient sample to ensure fairness? suggestions?

13. What is your definition of reasonable due diligence in collection efforts by lenders? guaranty agencies? ED over defaulted debts?

- Can current law requirements be increased? If so, how? How costly are any of the current requirements or any proposed new measures? Are they cost-effective?
- Lenders and guaranty agencies perform "due diligence" on delinquent and defaulted loans. What has been the experience in converting delinquent and defaulted accounts to paying accounts? What success has there been when litigating defaults?
- Is there a point at which due diligence becomes so onerous and costly for a lender or a guaranty agency that either or both would limit student access or leave the program altogether?
- In regard to ED's collection efforts--for instance, the "federal employee match" program--do/can these activities cost more than the amount of increased collections used to reduce default costs?

14. Although less than full insurance or reinsurance for lenders and guaranty agencies are seen by some as a legitimate "sharing of risks" or a mechanism to encourage enhanced due diligence, they are alternatively viewed by others as disincentives to serve high risk students and thus at odds with providing expanded access to educational opportunity.

- Which do you believe is the more accurate view of these provisions or proposals?
- If these are disincentives, should they be utilized? Should there, instead, be incentives for serving high risk students? If so, what would you recommend?

15. The proposal to eliminate eligibility for federal student aid of "Ability to Benefit" students has again been made. By how much would their non-eligibility reduce default costs? Can you give an estimate of its overall effect (not just on default costs) on the balance between welfare payments to the unemployed and income tax receipts?

16. The Department of Education has proposed subrogation on defaulted GSL accounts under which the Department would attempt directly to collect accounts presently placed with guaranty agencies for collection. In your opinion, will this result in a decrease in the net default rate or cost?

17. One proposal to reduce the rate and cost of defaults is to withhold transcripts. What is your estimate of the net cost savings? If a significant proportion of defaulters are dropouts, this proposal is inapplicable. Thus, can you suggest any alternative measures in re the dropout defaulter?

18. If there are significant differences in the default rates at different types of education institutions, what is the legitimacy of applying differing measures or standards according to the type of institution--by lenders? by guaranty agencies? by ED?

- What measures based on type of institution would you consider legitimate and why? How is each compatible with: ensuring equal access to educational opportunity? continued participation of private capital, where relevant? and diversity in available educational opportunity?
- Should lenders, guaranty agencies, ED be able to differentiate not by type of institution but rather

according to the default pattern of attendees and graduates of a specific institution?

- What is the responsibility, if any, of the total higher education community and its associated organizations if there is a clear differential in default rates at different types of postsecondary institutions?

19. There are various proposals for increased responsibilities by guaranty agencies in preventing defaults or reducing their cost. To what extent are these proposals compatible with the standards proposed by the General Accounting Office for determining the sufficiency of agency reserves?

Ms. **Fuller**. Right now you will see "Credit for My 'Vette", the 5-minute video, and the 60-second public service announcement.

[Videotape shown.]

Ms. **Fuller**. Thank you, Senator Pell.

Senator **Pell**. Thank you very much. Those are public service ads, is that right?

Ms. **Fuller**. Yes.

Senator **Pell**. Thank you.

Now, I understand, Mr. Sweet, you have a little television tape as well.

Mr. **Sweet**. Right, Mr. Chairman, and I know with the time restraints, I will be very brief, too.

Since this is my first time before the subcommittee, I'd like to take a moment and tell you a little bit about Mitchell Sweet Associates.

We are the country's largest financial aid servicing organization, consulting firm, processing over $400 million annually in campus-based, Pell and GSL funds. We are headquartered in Tempe, AZ. We employ over 200 professionals. And we service over 600 schools, banks, and lending organizations.

For schools, we process Pell grant management and campus-based funds, and we also are the largest participant in the Pell electronic grant project, processing 40 percent of the Nation's students with electronic student aid reports.

In Guaranteed Student Loans, we service banks and secondary markets, and our portfolio numbers in excess of 100,000 students.

In regard to the student loan issue, we have also developed a series of default reduction tools, and we have entitled our program, "CHAMPS", Credit Health Assurance Maintenance Program for Students.

And real briefly, the CHAMPS Program starts off with a four-pronged approach to the issue. Schools put up a series of professional posters in their hallways, classrooms and student lounges, identifying the fact that credit health is good for students, much like what you just saw there, and making a statement at the school for students, staff and visitors.

The second part is a series of entrance and exit interview packets that forces the school into a discipline of going through comprehensive counseling techniques when a student gets his loan and then again before they leave.

We also have a video presentation here, which I'll show in a second. And finally, the meat of our project is the fact that our schools are utilizing a software program that runs on an IBM PC or compatible. What that does is allow the schools to take a proactive role in lender assistance as well.

[The prepared statement of Mr. Sweet and responses to questions submitted by Senator Hatch follow:]

TESTIMONY OF MITCHELL A. SWEET, PRESIDENT MITCHELL SWEET & ASSOCIATES

before the

SENATE SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

on December 18, 1987

Mr. Chairman and Members of the Subcommittee, I am Mitchell A. Sweet, President of Mitchell Sweet & Associates of Tempe, Arizona. I would like to express my appreciation to you and your staff for having the opportunity to appear before you today and share with you some of our ideas that we think will help students take a more serious personal attitude with respect to their responsibilities to repay Guaranteed Student Loans.

Mr. Chairman, I know you are operating under some time constraints today, and that most of my time will be consumed with the viewing of our video program, but I would like to tell the Committee a little bit about Mitchell Sweet & Associates, since this is my first time to appear before you.

Mitchell Sweet and Associates (MSA) is the nation's largest financial aid servicing/consulting firm processing more than $400,000,000 annually in federal financial aid awards for students in all 50 states and Puerto Rico.

Headquartered in Tempe, Arizona (Metropolitan Phoenix), Mitchell Sweet and Associates employees over 200 professional and clerical staff to service in excess of 600 client schools, banks, and lending institutions nationwide.

MSA's Financial Aid Servicing Division provides management services to our clients for the following programs:

***Pell Grant Program**
Perkins Loan Program
Supplemental Educational Opportunity Grant Program
College Work Study Program
Guaranteed Student Loan Program

> *MSA is the largest participant in the Department of Education's Pell Grant Electronic Project, processing approximately 40% of all Electronic SAR's generated nationwide for the 1986-87 year.

MSA's Student Loan Administration Division manages GSL portfolios for banks and other lenders. The company currently services in excess of 100,000 borrowers in this program.

The Career School Administration Software Division is MSA's newest division. Formed in 1983, this division was responsible for developing a software program to assist school administrators in organizing the student record keeping process and reducing many of the repetitive activities within Post-Secondary Vocational/Career Schools.

On May 5, 1986, IBM announced the software developed by Mitchell Sweet & Associates for the System/36 as its new product to meet the needs of the Career School Industry. The software package is a family of nine integrated program offerings that provide an administrative control tool for both small and large schools. These applications cover the three areas of recruitment, student records and school accounting.

Mr. Chairman, I would now like to comment on what we believe to be the most critical issue facing postsecondary institutions today -- the problem of student loan defaults. The recently released Report on Federal Guaranteed Student Loan Defaults by Postsecondary Education and Secretary Bennett's Press Conference have increased the debate in Washington, and indeed throughout the Nation, about what schools and colleges should do to lower the default rate, as well as which institutions may be allowed to remain eligible to participate in the loan programs.

As the largest financial aid administration firm in the country, we, at Mitchell Sweet and Associates, know that postsecondary institutions are limited in having a significant impact on the default problem. Once students graduate or take an early leave from college, they are difficult to track and even harder for the institution to motivate to repay their loans. In spite of this fact, it is imperative that institutions take a more active role in educating students to their loan repayment responsibilities.

National associations such as the Association of Independent Colleges and Schools, the National Accrediting Commission of Cosmetology Arts and Sciences, the National Association of Trade and Technical Schools, and the National Home Student Council are developing and extensive procedural manual and a series of training workshops to help schools improve their institution's default statistics. We urge all schools to participate in this important activity.

To assist in the effort to educate students to take a more serious personal attitude toward their responsibilities for loan repayment, Mitchell Sweet and Associates has developed a series of student-oriented materials which school's can use at orientation, at the required exit interviews, and as a post-graduation or departure system to serve as a continuous reminder of the importance of maintaining good credit health.

We've named our program CHAMPS, which stands for Credit Health Assurance Maintenance Program for Students, and we believe that installation of this program will make students far more aware of their financial obligations and responsibilities.

We are pleased to be able to offer our CHAMPS program as our contribution to solving a major problem facing postsecondary education and we would like to share with you now our video.

Once again, Mr. Chairman we thank you for this opportunity to appear before you and we look forward to working closely with you and your staff during the future months and years.

MSA
MITCHELL SWEET & ASSOCIATES
EDUCATIONAL FINANCIAL AID CONSULTING
1526 South Edward Drive • Tempe, Arizona 85281 • (602) 968-2900

January 20, 1988

James W. Powell
Editor
Senate Committee on Labor
and Human Resources
United States Senate
Washington, DC 20510

Dear Mr. Powell:

Thank you for the opportunity to respond to Senator Hatch's questionnaire concerning GSL defaults.

Enclosed is our response; please feel free to contact us with any further questions you may have.

Sincerely,

Mitchell Sweet
President

MS:sp

Enclosure

GENERAL QUESTIONS AND ANSWERS
ALL WITNESSES

1. WHAT DO YOU BELIEVE IS THE PURPOSE OF FEDERAL STUDENT FINANCIAL ASSISTANCE? DOES THE CURRENT COST OF DEFAULTS IN THE GSL PROGRAM CAUSE YOU TO BELIEVE THERE SHOULD BE ANY MODIFICATION OF THE PURPOSE?

A. Federal Student Aid serves a number of purposes:
   a. encouragement of postsecondary education - which is in the country's best interest
   b. allowing students to obtain a postsecondary education when financial circumstances would otherwise not permit it
   c. reinforcement of the concept that education in this country is both an opportunity and a right.

Education has always held a special place in the priorities of the American people. Although the mechanics may change, the importance of education and the purposes of federal student aid will not.

2. WHAT SHOULD WE MEAN WHEN WE SAY WE "WANT TO DEAL WITH THE DEFAULT PROBLEM"? LOWER THE COST? LOWER THE RATE OF DEFAULTS? BOTH? ____________________?

A. "Wanting to deal with the default problem" in my opinion means taking every administrative precaution to ensure the program is administered in the most expeditious manner. We have to recognize the cost of channeling funds to individuals who could otherwise not qualify to borrow money. While administratively there is room for improvement, the GSL program has been tremendously successful in allowing individuals to obtain an education and become tax-paying.

3. WHAT HAS BEEN YOUR EXPERIENCE WITH THE DEFAULT RATE IN THE GSL PROGRAM? HAS IT INCREASED OR DECREASED IN THE LAST FIVE YEARS?

A. As per all of the testimony submitted, we have yet to be presented with an accurate and meaningful measurment of default rates.

4. WHO IS THE DEFAULTER? IS THERE A "PROFILE", I.E., ARE THERE ONE OR MORE TYPICAL DEMOGRAPHIC CHARACTERISTICS, OF A STUDENT BORROWER WHO DEFAULTS ON A GSL?

*IT SEEMS REASONABLE TO BELIEVE THAT AT LEAST SOME OF THE MEASURES WE CAN OR SHOULD ADOPT TO DEAL WITH THE DEFAULT PROBLEM MAY REQUIRE AN UNDERSTANDING OF THE PARTICULAR GROUP OF STUDENTS WHO DO NOT REPAY THEIR GSLS. THUS, IF YOU BELIEVE THERE IS A TYPICAL DEFAULTER, CAN YOU RECOMMEND SPECIFIC COMPENSATING MEASURES OR POLICIES, CONSISTENT WITH THE UNDERLYING PURPOSE OF FEDERAL STUDENT FINANCIAL ASSISTANCE, WHICH WE SHOULD ADOPT?

A. By definition, the federal programs are targeted towards needy students. Students from disadvantaged social-economic backgrounds - particularly those having dependents are not good credit risks. Institutions serving significant numbers of these disadvantaged students will have higher default rates.

5. IS THERE A CORRELATION BETWEEN THE DEFAULT PROFILE AND A TYPICAL STUDENT FINANCIAL AID PACKAGE? IF SO, WHAT RECOMMENDATIONS, IF ANY, WOULD YOU MAKE FOR CHANGING THE TYPICAL AID PACKAGE? WHY?

A. If a larger portion of the Higher-Ed budget were comprised of grant funds, these could be channeled to the neediest students. A change in the mix of the Higher-Ed budget, however, would probably cost more than the portion used to pay off defaults.

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6. IS THERE A CORRELATION BETWEEN THE DEFAULT PROFILE AND THE TYPE OF POSTSECONDARY INSTITUTION ATTENDED? IF SO, ANY RECOMMENDATIONS--PARTICULARLY ANY CONCERNING THE APPROPRIATE STUDENT AID PACKAGE AT THAT TYPE OF SCHOOL?

A. Schools serving high-risk students will have higher defaults. If current schools serving these students are eliminated from the program, the same students will go elsewhere - and the same percentage of them will default.

7. A PROMINENT PROPOSAL FOR CHANGE IN THE AID PACKAGE IS THE PROPOSAL FOR "INCOME-CONTINGENT LOANS". WOULD SUPPLEMENTING OR REPLACING GSLS WITH INCOME-CONTINGENT LOANS REDUCE DEFAULT COSTS OR RATES?

A. The "income contingent loan" program would not help. The administration of ICL's is unreasonably cumbersome. In addition, if not funded to the same degree that students have access t GSL's, it would not be reasonable to view it as an honest, alternative to GSL's - which it never was at the proposed funding rates.

8. OF THE TOTAL FUNDS EXPENDED IN THE GSL PROGRAM, A SMALL AMOUNT OF FEDERAL MONIES IS UTILIZED TO LEVERAGE A FAR LARGER AMOUNT OF PRIVATE CAPITAL. THIS "CONSERVES" THE TAXPAYERS' DOLLAR WHILE EXPANDING THE AVAILABILITY OF

FEDERAL STUDENT AID AND "ACCESS" TO EDUCATION. IT WOULD BE SHORTSIGHTED IF, IN DEALING WITH THE DEFAULT PROBLEM, WE LOST SIGHT OF THE TREMENDOUS RELIANCE OF THE PROGRAM ON PRIVATE CAPITAL; WE CANNOT AFFORD REPLACING PRIVATE WITH FEDERAL MONEY.

*THUS, IN YOUR OPINION, ARE THE FOLLOWING PROPOSED MEASURES (OR OTHERS ON WHICH YOU WOULD CARE TO COMMENT) COMPATIBLE WITH RETAINING SUFFICIENT PARTICIPATION OF PRIVATE CAPITAL IN ORDER TO ENSURE EDUCATIONAL ACCESS: REDUCTION OF INSURANCE TO THE LENDER? FURTHER REDUCTION OF REINSURANCE FOR GUARANTY AGENCIES BEYOND THAT IN THE HIGHER EDUCATION AMENDMENTS OF 1986? OTHER SO-CALLED "RISK-SHARING" PROPOSALS? REQUIREMENT OF A UNIFORM GUARANTY FEE? VARIOUS INCREASED DUE DILIGENCE PROPOSALS?

*WOULD IMPLEMENTATION OF ANY OF THESE MEASURES RETAIN SUFFICIENT PRIVATE CAPITAL ONLY BY SOME CORRESPONDING INCREASE IN FINANCIAL COST TO THE STUDENT?

A. The leveraging you speak of and the reliance on private capital is the basis for the GSL program. We feel that the return on private capital must be protected.

We suggest that to the extent that lenders are asked to share in the risk, and to the extent that guarantors are asked to accept lesser reinsurance, interest rates and guarantee fees should be increased, and the increases be passed on to the student borrowers in the form of a longer repayment period.

The end results would be:

a. On a percentage basis the Federal Government's cost for the program could be reduced.
b. Yields for lenders and guarantee agencies could be maintained.
c. Students could still meet their repayment obligations. If a student could pay $50 per month for 120 months, he could do the same for 160, etc.

In an age of Gramm-Rudman, the Federal budget has limits. Lender and Guarantor participation in the risk will make them even more diligent in billing and collection activities - as long as yields can be achieved. As for students, access is the issue. If 10-year loans became 13-year loans, the issue is still the same - as perhaps it should be.

9. THE RESPONSIBILITY OF POSTSECONDARY INSTITUTIONS FOR ENSURING REPAYMENT OF FEDERAL STUDENT AID OBLIGATIONS WAS INCREASED IN THE HIGHER EDUCATION AMENDMENTS OF 1986. VARIOUS INSTITUTIONAL ORGANIZATIONS OR GROUPS HAVE RECENTLY BEGUN "DEFAULT MANAGEMENT" OR OTHER PROGRAMS RECOGNIZING SOME MEASURE OF INSTITUTIONAL RESPONSIBILITY. SECRETARY BENNETT'S NOVEMBER 4, 1987, POLICY INCREASES INSTITUTIONAL RESPONSIBILITY EVEN FURTHER.

*WHAT IS THE LEGITIMATE EXTENT OF INSTITUTIONAL RESPONSIBILITY?

*CONGRESS HAS LIMITED THE LENDING ACTIVITIES OF POSTSECONDARY INSTITUTIONS, BELIEVING THAT THESE INSTITUTIONS SHOULD CONCENTRATE ON EDUCATING STUDENTS. CURRENTLY, THERE ALSO IS ENHANCED EMPHASIS ON THE NEED TO UPGRADE THE QUALITY OF EDUCATION OFFERED BY THESE INSTITUTIONS. AS WITH INVOLVEMENT IN LENDING ACTIVITIES, IS THERE A POINT AT WHICH ENHANCING INSTITUTIONAL RESPONSIBILITY FOR REPAYMENT OF STUDENT AID COULD CONFLICT WITH HOLDING INSTITUTIONS RESPONSIBLE FOR EDUCATION QUALITY?

A. We don't feel that institutions should be held accountable for GSL default rates. They neither make nor collect the loans.

We do feel, however, that a more explicit definition of administrative practices at the school itself should be adopted in order to ensure that students do receive correct information in the proper frame of reference in order to enhance the prospects of loan repayment.

10. WHAT HAS BEEN YOUR EXPERIENCE WITH DEFAULT RATES AS A RESULT OF MULTIPLE DISBURSEMENT AND OTHER DUE DILIGENCE AMENDMENTS ENACTED IN THE '86 AMENDMENTS? IF THESE HAD BEEN INEFFECT THROUGHOUT THE PAST FIVE YEARS, WHAT EFFECT DO YOU BELIEVE THEY WOULD HAVE HAD ON DEFAULT RATES?

A. It's too soon to measure.

11. GIVEN THE DIFFERENCE BETWEEN GSLS (E.G., O CREDIT CHECK, NO COLLATERAL REQUIREMENT) AND STANDARD COMMERCIAL LOANS, WHAT IS A REALISTIC EXPECTATION OF THE MINIMUM DEFAULT RATE FOR THIS PROGRAM, ASSUMING, OF COURSE, THAT EVERY BORROWER WITH THE ABILITY T REPAY SHOULD REPAY THE DEBT OWED TO THE AMERICAN TAXPAYER.

*GIVEN THE EXPANSION OF THE GSL PROGRAM, THE RISE OF DEFAULT COSTS, AND A REALISTIC ESTIMATE OF REPAYMENT RATES, SHOULD THE FEDERAL GOVERNMENT CONTINUE THIS FINANCIAL AID PROGRAM?

*WHAT ARE THE IMPLICATIONS OF YOUR ESTIMATE OF THE MINIMUM POSSIBLE GSL DEFAULT RATE FOR STUDENT AID IN GENERAL AND STUDENT LOANS IN PARTICULAR?

*WOULD THE TAXPAYERS' DOLLARS NOW BEING SPENT FOR DEFAULT COSTS BE BETTER SPENT ON GRANT PROGRAMS? ON WORK-STUDY PROGRAMS?

A. We feel that even if the default rate were 20% the program could be justified in terms of positive economic impact. Such a study should be commissioned in order to analyze at what degree default rates really do cost the taxpayer money.

When the taxpaying impact of the 90% of students who do pay off their loans is weighed, we feel such a study will underscore the positive impact the GSL program has had.

12. DO WE NEED A UNIFORM DEFINITION OF "DEFAULT"? WHAT IS YOUR PREFERRED DEFINITION AND WHY? WHAT ARE ITS STRENGTHS AND WEAKNESSES? ONCE A UNIFORM DEFINITION IS ESTABLISHED, IF VARIOUS POLICIES OR PROCEDURES DEPENDENT ON A "DEFAULT RATE" ARE INSTITUTED, SHOULD THE RATE CALCULATION BE BASED ON A SUFFICIENT SAMPLE TO ENSURE FAIRNESS? SUGGESTIONS?

A. We support a uniform definition of "default" based upon dollar amounts, and based upon the ultimate disposition of the loan.

13. WHAT IS YOUR DEFINITION OF REASONABLE DUE DILIGENCE IN COLLECTION EFFORTS BY LENDERS? GUARANTY AGENCIES? ED OVER DEFAULTED DEBTS?

*CAN CURRENT LAW REQUIREMENTS BE INCREASED? IF SO, HOW? HOW COSTLY ARE ANY OF THE CURRENT REQUIREMENTS OR ANY PROPOSED NEW MEASURES? ARE THEY COST EFFECTIVE?

*LENDERS AND GUARANTY AGENCIES PERFORM "DUE DILIGENCE" ON DELIQUENT AND DEFAULTED LOANS. WHAT HAS BEEN THE EXPERIENCE IN CONVERTING DELINQUENT AND DEFAULTED ACCOUNTS TO PAYING ACCOUNTS? WHAT SUCCESS HAS THERE BEEN WHEN LITIGATING DEFAULTS?

*IS THERE A POINT AT WHICH DUE DILIGENCE BECOMES SO ONEROUS AND COSTLY FOR A LENDER OR A GUARANTY AGENCY THAT EITHER OR BOTH WOULD LIMIT STUDENT ACCESS OR LEAVE THE PROGRAM ALTOGETHER?

*IN REGARD TO ED'S COLLECTION EFFORTS--FOR INSTANCE, THE "FEDERAL EMPLOYEE MATCH" PROGRAM--DO/CAN THESE ACTIVITIES COST MORE THAN THE AMOUNT OF INCREASED COLLECTIONS USED TO REDUCE DEFAULT COSTS?

A. We feel current regulations are satisfactory.

14. ALTHOUGH LESS THAN FULL INSURANCE OR REINSURANCE FOR LENDERS AND GUARANTY AGENCIES ARE SEEN BY SOME AS A LEGITIMATE "SHARING OF RISKS" OR A MECHANISM T ENCOURAGE ENHANCED DUE DILIGENCE, THEY ARE ALTERNATIVELY VIEWED BY OTHERS AS DISINCENTIVES T SERVE HIGH RISK STUDENTS AND THUS AT ODDS WITH PROVIDING EXPANDED ACCESS TO EDUCATIONAL OPPORTUNITY.

*WHICH DO YOU BELIEVE IS THE MORE ACCURATE VIEW OF THESE PROVISIONS OR PROPOSALS?

*IF THESE ARE DISINCENTIVES, SHOULD THEY BE UTILIZED? SHOULD THERE, INSTEAD, BE INCENTIVES FOR SERVING HIGH RISK STUDENTS? IF SO, WHAT WOULD YOU RECOMMEND?

A. Again, the yields to lenders and guarantors must be protected.

15. THE PROPOSAL TO ELIMINATE ELIGIBILITY FOR FEDERAL STUDENT AID OF "ABILITY TO BENEFIT" STUDENTS HAS AGAIN BEEN MADE. BY HOW MUCH WOULD THEIR NON-ELIGIBILITY REDUCE DEFAULT COSTS? CAN YOU GIVE AN ESTIMATE OF ITS OVERALL EFFECT (NOT JUST ON DEFAULT COSTS) ON THE BALANCE BETWEEN WELFARE PAYMENTS TO THE UNEMPLOYED AND INCOME TAX RECEIPTS?

A. We do not have the data to respond here.

16. THE DEPARTMENT OF EDUCATION HAS PROPOSED SUBROGATION ON DEFAULTED GSL ACCOUNTS UNDER WHICH THE DEPARTMENT WOULD ATTEMPT DIRECTLY TO COLLECT ACCOUNTS PRESENTLY PLACED WITH GUARANTY AGENCIES FOR COLLECTION. IN YOUR OPINION, WILL THIS RESULT IN A DECREASE IN THE NET DEFAULT RATE OR COST?

A. We feel the guarantee agencies are in a better position to collect those monies than the Dept. of Ed.

17. ONE PROPOSAL TO REDUCE THE RATE AND COST OF DEFAULTS IS TO WITHHOLD TRANSCRIPTS. WHAT IS YOUR ESTIMATE OF THE NET COST SAVINGS? IF A SIGNIFICANT PROPORTION OF DEFAULTERS ARE DROPOUTS, THIS PROPOSAL IS INAPPLICABLE. THUS, CAN YOU SUGGEST ANY ALTERNATIVE MEASURES IN RE THE DROPOUT DEFAULTER?

A. This proposal, in and of itself, is probably not significant in regard to the entire issue.

18. IF THERE ARE SIGNIFICANT DIFFERENCES IN THE DEFAULT RATES AT DIFFERENT TYPES OF EDUCATION INSTITUTIONS, WHAT IS THE LEGITIMACY OF APPLYING DIFFERING MEASURES OR STANDARDS ACCORDING T THE TYPE OF INSTITUTION--BY LENDERS? BY GUARANTY AGENCIES? BY ED?

*WHAT MEASURES BASED ON TYPE OF INSTITUTION WOULD YOU CONSIDER LEGITIMATE AND WHY? HOW IS EACH COMPATIBLE WITH: ENSURING EQUAL ACCESS TO EDUCATIONAL OPPORTUNITY? CONTINUED PARTICIPATION OF PRIVATE CAPITAL, WHERE RELEVANT? AND DIVERSITY IN AVAILABLE EDUCATIONAL OPPORTUNITY?

*SHOULD LENDERS, GUARANTY AGENCIES, ED BE ABLE TO DIFFERENTIATE NOT BY TYPE OF INSITUTIONS BUT RATHER ACCORDING TO THE DEFAULT PATTERN OF ATTENDEES AND GRADUATES OF A SPECIFIC INSTITUTION?

*WHAT IS THE RESPONSIBILITY, IF ANY, OF THE TOTAL HIGHER EDUCATION COMMUNITY AND ITS ASSOCIATED ORGANIZATIONS IF THERE IS A CLEAR DIFFERENTIAL IN DEFAULT RATES AT DIFFERENT TYPES OF POST SECONDARY INSTITUTIONS?

A. We feel that it is not responsible to catagorize schools by their default rates. The issue is a social one, dealing with differing degrees of risk as per the type of student enrolling.

Mr. **Sweet**. Now I would like to show you my video presentation.

Senator **Pell**. Fine.

[Videotape shown.]

Senator **Pell**. Thank you very much. Those are very interesting, indeed.

A question. Who paid to make them, and are they distributed for free?

Mr. **Sweet**. We developed these at Mitchell Sweet and Associates, and we passed them on to our clients at cost. So this whole packet you have seen here was passed on to our clients for $80 dollars. And we felt that at that cost, no school could ill afford not to employ these types of techniques.

Senator **Pell**. Ms. Fuller?

Ms. **Fuller**. The "Credit for My 'Vette" tape was made with contributions from the 16 sponsors that you saw on the tape, and the tape sells for $20 VHS or three-quarter inch.

Senator **Pell**. And anybody could write in and get it, then?

Ms. **Fuller**. Right.

Senator **Pell**. Thank you.

Mr. Blair.

Mr. **Blair**. Senator, on the Private Career School Default Initiative, each institution, which amounts to some 4,000 private career schools, will be receiving the document free. This is paid for, and the development has been paid for by the private career school associations that are involved—NATTS, AICS, Home Study, Cosmetology.

Senator **Pell**. People being lazy, I think as a rule they would probably look at a TV shot before reading a book. I am just curious if any of your groups have used these films.

Mr. **Blair**. Two things. First of all, we are also holding a series of 50 workshops across the United States. Those, there are fees charged for, but it basically covers for the room and the teaching staff.

As a part of what these two folks have put together, this document and the process can be supplemented by audiovisuals—bumper stickers, posters, videos, anything that will reinforce it.

What the manual does, and the process that we are putting together actually talks about how to implement all of the procedures that are there and how to deal with the students and support the students in achieving the goals that Mitchell's video shows.

Senator **Pell**. Dr. Cronin, in your view, could these films be distributed in Massachusetts, and would they have an effect, do you think?

Dr. **Cronin**. Yes. We have spent about a quarter of a million dollars developing not only the videotape, which we don't think is sufferent, but we think it is very useful. It is attractive to catch the attention of the 20 year-old age cohort. But students also need the budget workshops, and need the supplementary materials.

We have spent a quarter of a million dollars developing these materials, and our videotape is available free of charge to our Massachusetts schools. We thought it was an appropriate use of the interest earnings on our reserves 3 or 4 years ago before that was cut off by Federal regulation.

Senator **Pell**. Mr. Sweet, in your movie where it says "guarantee" means you the student guarantee it, in fact, it also means the Federal Government guarantees it.

Mr. **Sweet**. Right. The film is trying to bring out the fact that students can't treat these loans capriciously, that the guarantees and the rules are in there for a reason, and there will be a proactive reaction if they don't repay.

I'd like to say one other thing along the lines of support to Steve and Mr. Cronin, that we have gone out of our way and will continue to do so to support the whole effort done by NATTS and AICS. I think it is in all of our best interest to hit schools and students with as many tools and techniques as possible to keep this an issue in the forefront of their minds. And all these are just part of the arsenal, so to speak.

Senator **Pell**. I would agree with you on that. We must keep it in the forefront of their minds, because otherwise we will find the general support for Federal aid to education being eroded, and this is the danger of not getting a grip on this problem.

[Additional material supplied for the record follows:]

STATE OF COLORADO

Department of Higher Education
COLORADO STUDENT LOAN PROGRAM

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1876

Roy Romer
Governor
Dr. Blenda J. Wilson
Executive Director
Robert Fomer
Director

January 25, 1988

The Honorable Claiborne Pell
Chairman, Subcommittee on Education,
 Arts and the Humanities
648 Dirkson Office Building
Washington, D.C.   20510

Dear Senator Pell:

Attached is written testimony on the issue of student loan defaults as requested by your staff. This testimony is to be added to the other testimonies held by your Committee on December 11th and 18th, 1987.

I greatly appreciate the opportunity to submit this written testimony, and if I can be of further assistance, please do not hesitate to contact my office. Best regards.

Sincerely,

Robert Fomer

Robert Fomer
Director

RF:CL:dr

Attachment

STATEMENT OF
THE COLORADO
STUDENT LOAN PROGRAM

BEFORE THE SENATE SUBCOMMITTEE ON
EDUCATION, ARTS, AND THE HUMANITIES

PRESENTED BY
ROBERT FOMER, DIRECTOR
COLORADO STUDENT LOAN PROGRAM

Mr. Chairman. My name is Robert Fomer and I am the Director of the Colorado Student Loan Program. I appreciate the opportunity to submit this written testimony on the issue of defaults in the Guaranteed Student Loan Program. My ten years of experience with the GSL Program, and my concern for students, have given me some insight into the complex issues surrounding student loan defaults.

I am proud to say that the default experience in Colorado is not typical of the national average. We have been able to work closely with our schools and lenders to create an environment that discourages defaults and employs warranted default prevention measures. By virtue of these hearings and the increased cost of defaults to the Federal Government, we have seen a sharp increase in the concern and attention given GSL defaults. The problem of defaults and their cost presents a difficult challenge for all of us with no guaranteed solutions.

A good deal of this attention has come about as a result of the findings in the FFIS Study. This report contains errors in its analysis and assumptions. This is a direct result of the source from which the data was taken, the guaranty agency tape dumps. The information was misleading and caused a groundswell of negative publicity.

In my role as the Chairman of the Program Operation Committee of the National Council of Higher Education Loan Programs, I reviewed the instrument which was used to collect the data and found it not only to be faulty, but not designed to provide reliable information regarding school defaults.

To implement any fair and equitable policy on student loan defaults, we must have accurate and valid data, and I do not believe we have this today. There have been a number of studies done on defaults in which recommendations have been made to improve the administration of the Program, but none that I am aware of have identified gross mismanagement by lenders, schools or guarantors. We all can find room to improve our management of the GSL Program and, indeed, substantial improvements have already been made.

Seeking to curb defaults with improved management procedures or with quick legislative remedies driven by negative publicity could have an adverse affect on student's choice and access to higher educational opportunities in this country. If we truly want to address the root problem of defaults, we must look carefully at the social, economic, and cultural variables contributing to defaults.

The question is whether low-income and high-risk students should be encouraged to borrow under the Guaranteed Student Loan Program. This Program, when it was originally created, was designed to meet the needs of middle income students. In a study done by Wellford Wilms, Richard Moore, and Roger Bolus entitled, "Whose Fault is Default?", the following was stated, "Most of the evidence suggests that defaulters are chiefly student borrowers on the lowest rungs of the economic and social ladder who face prospects of limited earnings, relatively high cumulative debt, and who likely have little or no experience with consumer credit". This study was contracted by the Student Aid Commission of California for their State, but it is a good indicator, I believe, of emerging conditions in the GSL Program nationwide.

The GSL Program works, today, probably even better than it was originally intended 20 years ago. On a yearly basis, we provide nearly $10 billion dollars through 12,000 lenders nationwide, to over 3 million students attending over 8,000 colleges, universities, and trade schools around the world. The majority of these funds are distributed in a 3-month span of time.

You cannot have a need based entitlement program which seeks to assist the low-income, high-risk student without experiencing defaults. Within the economy today, we are seeing significant defaults on consumer loans with persons who have collateral, and who meet income and credit qualifications. We would be deceiving ourselves to think that low-income and high-risk borrowers who have no income, no credit experience, no collateral and, in some cases, little hope, should have a better record of repayment than the credit qualifying consumer. I pose this not as an excuse for defaults, but to focus on the fact that there are going to be defaults.

Is there a socially acceptable level of defaults? Whatever we agree on, it probably won't be in the realm of acceptability dollarwise. Therefore, to seriously curb defaults, we must provide viable alternatives to these students.

The Congress should evaluate whether federal dollars paid in defaults could be better utilized by offering greater in-school work opportunities for low-income and high-risk students. This could reduce the need for these students to borrow during their first two years.

I would strongly encourage the Congress to define in law a fair and equitable default rate for schools since it is the Congress that determines eligibility and entitlement of borrowers. Secretary Bennett's proposed "cohort default rate" has some merit in its approach. It looks at future students who will default, allowing schools the opportunity to focus on keeping them in school and working closely with the student in the repayment process. For schools who already have a high dollar default rate, it would be very difficult to reduce that rate which took years to acquire. His proposal, though, ignores the fact that the cost to the taxpayer is measured in dollars, not in students. Schools play a limited role in the lending and eligibility process.

The Guaranteed Student Loan Program is a definite asset in meeting the cost of higher education in America. The demand for this Program has been great and, with spiraling tuition costs, there will be an even greater need for borrowing in the future. Therefore, it is of even greater importance that we adequately address the sociological issues surrounding defaults.

As the Director of a guaranty agency, one of the most frustrating things I encounter is questions about the success of our program based upon the default rate. Colorado enjoys a relatively low default rate, and we are doing all we can in the way of instituting default prevention/debt management measures in order to further reduce the rate. For guaranty agencies like ourselves and others, we must continue to be financially sound and have the necessary resources to provide programs that will help in reducing default and, thereby, reducing the cost of this Program to tax payers of this country. But in light of this, the criteria for success should not be based solely on one's default rate. When you have an entitlement program like this and you have 93% of your borrowers repaying and fulfilling their obligation, as Colorado does, you have to say the Program is a success.

In closing, student loan default is a critical issue, but it is not an issue that we can find simple answers to. When we speak of student loan defaults, we are speaking of a variety of socio-economic, cultural, and educational issues. Student demographics are changing; large numbers of minority and low-income students will change the enrollment pattern of our colleges and universities. Therefore, I would encourage the Congress to examine carefully these issues and the critical role they play in predicting and preventing defaults. I trust that in the desire to find answers and solutions, we will not, in haste, jeopardize a program that has helped millions of students around this country.

Thank you for the opportunity to submit this written testimony to you. I would welcome the opportunity to speak with the Committee further on the issues of student loan defaults.

STATEMENT OF T. EDWARD HOLLANDER
CHANCELLOR OF HIGHER EDUCATION IN NEW JERSEY

To The U. S. Senate Subcommittee on
Education, Arts and Humanities

December, 1987

Introduction

I am pleased to provide testimony on behalf of the New Jersey Department of Higher Education and the New Jersey Higher Education Assistance Authority. New Jersey has administered student loan programs for over a quarter of a century and has one of the more distinguished records in achieving administrative efficiency and introducing innovations designed to solve loan default problems. My testimony will be confined to the issue of student loan defaults and will respond to the recently proposed initiative of the U. S. Department of Education.

In early November, Secretary William Bennett announced a U. S. Department of Education proposal to suspend educational institutions with high default rates in the Guaranteed Student Loan program from all federal student aid programs. This is an important initiative as a strong federal policy of action against schools that are abusing the student loan program is long overdue. I have often stated publicly that the federal government should strengthen the authority of state guarantee agencies to suspend institutions from the GSL program, and many features of the USDE proposal, which will not take effect until 1990, already have been implemented in New Jersey. Nevertheless, I have reservations about the narrow criteria proposed, the extent of the sanctions, and the inequities that could result unless a more comprehensive approach is used.

The USDE will calculate institutional default rates by a new method which measures the defaults among students whose loans become due for repayment in the current and future federal fiscal years. Institutions will be advised of their default rate at the end of 1989, and the rate will be recalculated at the end of 1990. Any institution with a default rate greater than 20%, according to Bennett, "will immediately be subject to limitation, suspension, and termination proceedings with respect to their continued participation in federal student aid programs." The USDE has yet to release any details about the proposal, however, this could mean that students at institutions with default rates over 20% will lose eligibility for all federal aid programs.

New Jersey Default Rates

There are several different methods to measure student loan defaults. The default rate that the federal government uses to measure state guarantee agency eligibility for 100% reinsurance of default claims is an annual dollar rate which must be kept below 5%. Last year the New Jersey annual dollar rate was only 3.4%, that is, of the $1.3 billion in loans still owed by students, only 3.4% went into default last year. The New Jersey cumulative dollar default rate is about 13.5%, representing about $300 million of the $2.2 billion in loans that have become due since the beginning of the program in the early 1960's. These figures do not reflect the fact that about half of the students who previously defaulted on a loan are put back on repayment through our agency efforts. As a result of our post-default collection activities, New Jersey has reimbursed the federal government for over $70 million in default claims.

The default rate that the USDE intends to use is based on the number of students defaulting rather than the dollar amounts. The Department will use a two-year default rate only for those starting repayment in a given federal fiscal year. This student cohort rate provides a better indicator of recent changes in student behavior than the annual or cumulative rates, because it only measures what happens to the cohort of students newly entering the repayment period as their loans become due. New Jersey has been using a student cohort rate as a measure of loan defaults for the past several years, and was one of the first states to use such an indicator. I am pleased to report that the default rates for the cohorts of New Jersey students entering repayment during FY 1985 and FY 1986 have already shown a decline.

After Secretary Bennett's announcement, all of the New Jersey institutions participating in the GSL program were sent a report which calculated institutional default rates for the cohorts of students entering the repayment period in every federal fiscal year since 1982-3. An example of our report has been attached as Exhibit A.

Prior New Jersey Initiatives to Reduce Defaults

New Jersey began to address the problem of rising defaults in 1983, when the New Jersey Higher Education Assistance Authority approved funding to establish or expand default prevention programs at New Jersey schools. The participating institutions were required to submit a plan of action to reduce default rates. Over 160 colleges and proprietary schools participated, establishing programs such as pre-enrollment loan counseling and exit interviews with graduating borrowers, and improving their enrollment reporting procedures.

These programs were first implemented in the 1984-5 academic year, and the results at most of our colleges and many participating proprietary schools have been encouraging. Using the proposed federal methodology, the two-year cohort default rate at our colleges has dropped by two percentage points. We cannot attribute this entirely to the default prevention program, since rates at out-of-state institutions have also dropped. Nevertheless, nearly all of the colleges with default rates over 20% for the 1983-4 student cohort have shown impressive percentage point reductions for borrowers leaving school in the last two years. Three of the colleges with the highest rates in 1983-4 have reduced their default rate by over 10% (Exhibit B). Unfortunately, we have been advised by the USDE that we may not use federal funds to continue this program.

Our second initiative began in late 1985, and is strikingly similar to the model upon which the Bennett proposal is based. In order to see whether the default prevention programs were working, it was necessary to calculate default rates only for those students who had been in school after the program was in effect (i.e. the student cohort rate). The cohort rates calculated at that time did not yet show any improvement at the colleges, but they did show that the default rates and absolute number of defaulters at certain New Jersey proprietary schools was increasing rapidly.

As a result of its concern over high default rates, the NJHEAA contacted the 32 institutions with default rates over 20% for 1983-4 (using a somewhat different measure than the proposed federal one) and had staff initiate preliminary program reviews. The reviews of the 29 proprietary schools revealed some remarkable patterns: an overreliance on student loan funds for cash flow, with 50% to 90% of all students borrowing; very high withdrawal rates, often over 50%; large proportions of students admitted without high school diplomas and no requirement that the basic skills necessary to complete the course of studies be learned; and, sometimes, administrative deficiencies in refund practices, timely notification of enrollment status to lenders, and documentation.

As a result, the NJHEAA adopted a Plan to Assess GSL Compliance and Initiate Appropriate Corrective Measures in September 1986, which set forth five basic criteria for evaluating a GSL program and imposing various sanctions (Exhibit F). This was followed by audits carried out by our Management Compliance Unit. So far, we have limited or suspended three proprietary sector institutions from our GSL program. All three institutions will be required to file plans for corrective action before they are fully reinstated in the New Jersey program. Unfortunately, our actions do not have an impact on other guarantors, so these institutions still are able to participate in the GSL program.

Recent New Jersey Default Data

A list of all the New Jersey schools participating in the GSL program ranked by their current two-year default rate for the cohort of students whose loans became due in federal fiscal year 1985-6 is included in Exhibit C. You should note how far down on the list one must go before any colleges start to appear. The institutions which were chosen for program review by the NJHEAA in 1985 are shown with an asterisk (*). That is, nearly all of the schools that are at the top of this list were already identified in 1985, reviewed in 1986, and have been or will be audited by the NJHEAA in the near future. At the far right we have shown the change in the number of students entering repayment since the program reviews began. In many cases the response of the school has been to take the GSL business to the national guarantors now operating in New Jersey, who do not carry out program reviews. Under current federal regulations the sanctions imposed by state agencies can be circumvented by switching to a national guarantor.

The major default patterns and trends in New Jersey are shown in the graph in Exhibit D. A number of our county community colleges are having problems with default, but the overall numbers of defaulters are very small and the rates for the sector are dropping. Less than ten percent of all full-time students at county colleges borrow to go to college, and the proportion should be kept low. The number of defaults and the rates at the four-year colleges have also been dropping. So far there has been little change in the proprietary sector as a whole, except that the shift to national guarantors has dramatically reduced the number of students who entered repayment last year, and that has contributed to the reduction in our statewide average default rate.

The Fundamental Problems

The institutions whose former students have the highest default rates share one thing in common: they serve large numbers of low-income, poorly prepared, non-traditional and often minority students. More than half of the GSL borrowers at the county community colleges and proprietary schools have incomes under $15,000 per year. The two four-year colleges with default rates over 20% have some of the highest proportions of minority students and New Jersey Tuition Aid Grant recipients in the state. These are students who should not be borrowing at all. They borrow because they cannot get sufficient grant funds to meet their needs, and a large part of the problem is the failure of the federal government to adequately increase Pell Grants and other aid programs. As Exhibit E shows, three-quarters of our defaulters come from families with incomes under $15,000 per year, and their default rate is 31%. Among students with family incomes over $30,000 the default rate is only 4%.

Here is the dilemma. We know that economically and educationally disadvantaged students should be discouraged from borrowing to attend college. There is a higher risk that they will drop out before they can master the knowledge or skills necessary to obtain adequate employment and repay their loans. But if they are not allowed to borrow to pay for college, we deny them access to the opportunity to end the cycle of poverty.

I believe that the continued availability of federal student aid funds at a college or proprietary school must be based on an evaluation of the students' ability to benefit from the programs being offered, not on the basis of the default rate alone. The programs at New Jersey colleges are continually evaluated and monitored by the Department of Higher Education, which performs budget and academic program reviews and requires a steady stream of information for purposes of accountability and assessment. Although our county community colleges are open access, they test the basic skills of entering students and require appropriate remedial work.

Reservations About the Bennett Proposal

Although I agree with Secretary Bennett that educational institutions can help contribute to reducing student loan defaults, there is a limit to how much institutions can or should do to limit student borrowing, particularly if the institution is urban or has a strong commitment to access. The institutions' major function is to certify that the student is enrolled and meets the financial aid need criteria; they cannot refuse to certify a student who ignores their advice not to borrow. They should be held responsible for contributing to defaults only if serious deficiencies in administrative procedures are found in addition to a high default rate.

The NJHEAA developed GSL administrative audit criteria last year which, together with academic program reviews by the appropriate credentialing authorities, provide an objective basis for identifying institutions which should be permitted to retain their GSL eligibility. States like New Jersey, California and others have already done the preliminary work. **What the state agencies need is a clear indication from the Secretary that they have the authority to suspend or limit institutions from their own GSL program as well as that of the national guarantors.**

The most serious flaw in the Bennett proposal is that institutions could lose eligibility for all federal aid programs solely on the basis of the default rate of former students with GSL loans. At most of our county community colleges less than 10% of the full-time students borrow through the GSL program. While the default rates are relatively high at a few of these institutions, the number of defaulters in relation to the student body is very small indeed. At Salem County College, for example, there are usually less than 50 GSL loans a year among about 500 full-time students. In the past, Salem has had a quite low default rate, but for some reason it suddenly increased to 29% - which represents 14 defaulters. It does not make sense that 14 former students could eliminate all federal student aid eligibility for 500 current students. Yet that is what could occur under Secretary Bennett's proposal. A more appropriate measure might be to look at the GSL defaults as a percentage of the number of students. More than a single criterion must be used to demonstrate that the default rate reflects institutional deficiencies rather than the socio-economic problems of a small group of borrowers.

Therefore, while we support the efforts to reduce defaults, I have urged the Secretary to consider the following modifications in his proposal.

1) Expand the criteria to take into account the proportion of students actually borrowing, as well as the default rate of those who do borrow. At least 20%-30% of full-time equivalent students should be borrowing through the GSL program before any action is warranted.

2) Use the two-year cohort default rate together with a total enrollment default rate as a preliminary step to identify institutions that warrant further inquiry or program review. The program reviews should then investigate the extent to which

institutional policies and procedures actually contribute to default, based on such criteria as whether the institution provides testing and placement in remedial programs, how effective these programs are, and the timeliness of refunds and enrollment change notifications to lenders.

3) The type of sanction applied - limitation, suspension or termination - should be based on the number and extent of the problems found in the program review, and should apply only to federal student loan programs.

Unless modified to overcome its present limitations and used in conjunction with other measures, the Bennett proposal would undermine minority recruitment efforts by penalizing institutions that offer access to high-risk students. Property implemented, and used in conjunction with programs to support high-risk, low income students with grants rather than loans, the proposal could reduce defaults and eliminate those institutions that exploit the GSL program by encouraging borrowing by students who cannot hope to repay their loans.

Additional State Action

In New Jersey, although the default rates are declining at most of our colleges, the levels are sometimes still too high. During the coming year the Department of Higher Education will pursue several initiatives to maintain the momentum of the default decline in New Jersey.

(1) Our largest grant program, the Tuition Aid Grant program, will be expanded so that more low income students are eligible for the maximum award amount. These awards can be up to the full tuition at New Jersey public colleges or 50% of average tuition at independent colleges. The State's Student Assistance Board will be asked to approve a restructured TAG table that permits most students with family incomes under $18,000 to receive the maximum award. In addition, changes in the New Jersey need analysis formulas will make it easier for single parents to receive the maximum.

(2) The Educational Opportunity Fund (EOF) grants for economically and educationally disadvantaged students will be increased for lower division students to reduce the borrowing needs of our highest risk students.

(3) Remedial programs at the colleges will be strengthened and other initiatives to increase retention will be implemented; one of the major reasons for default is that students withdraw and do not complete their programs.

(4) Our Office of Student Loans will provide additional data on student borrowers and defaults on an annual basis, so that institutions may better understand the patterns of behavior and problems of borrowers after they leave school.

(5) An advisory committee of institutional representatives will devise a statewide strategy for reducing loan defaults and to disseminate information about the most successful default prevention programs. This committee has recently been established.

Conclusion

I share the concern of Secretary Bennett and members of this committee regarding high default rates in the guaranteed student loan programs. I believe that the use of student cohort default rates is an appropriate first step in identifying institutions who need to do more to help reduce defaults, and New Jersey will continue to implement such an effort.

Despite my reservations about some aspects of the Secretary's proposal to impose sanctions on schools with high default rates, a strong federal position on the default problem is both welcome and long overdue. As I indicated above, New Jersey is already at the forefront in this area. We began funding default prevention programs at New Jersey schools several years ago and have been systematically pursuing a policy of auditing the student loan program administration of all institutions with high default rates. Both policies are beginning to yield results: default rates at New Jersey colleges have decreased in each of the last two years and our institutional audits have results in the limitation or suspension of three vocational proprietary schools from the student loan program.

The default problem is not primarily a problem of traditional middle-income students at four-year colleges and universities. Instead, it is a problem of non-traditional low-income students trying to overcome poor educational backgrounds by borrowing to attend proprietary vocational schools that too often fail to deliver the training and job opportunities which would make it possible for students to repay their loans. The best way to reduce defaults is to provide low-income disadvantaged students with sufficient grant aid to meet their financial needs and to enforce the requirement that all schools provide students with the remedial education necessary to benefit from the programs being offered.

My concern with Secretary Bennett's proposal is that it is too simplistic and does not address the underlying problem that defaults are directly related to the socio-economic status of students. The plan in its current form could unfairly penalize institutions in urban areas and discourage institutions from recruiting "high-risk" students. Ultimately, lower income students would suffer, and the federal and state commitment to access could be jeopardized.

As a result, I believe your Subcommittee should look beyond the Bennett proposal and consider the following:

- Expand the criteria used to evaluate institutional performance to consider the percentage of students participating in the GSL program as well as the institutional default rates

- Consider student withdrawal rates and institutional administrative policies and performance when evaluating program effectiveness

- Apply limitation, suspension or termination sanctions to the GSL program only

- Permit state guarantee agencies to apply sanctions to limit national GSL participation

- Expand federal grant assistance to "high risk" students to discourage and limit borrowing

- Permit guarantee agencies to use reserve funds to support loan default prevention programs

(Note: In the interest of economy, the exhibits accompanying this statement were retained in the files of the committee.)

United Concerned Cosmetology School Owners
60 A Garrett Road, Upper Darby, PA 19082
(215) 352-1776

December 28, 1987

Honorable Claiborne Pell
Chairman
Subcommittee on Education, Arts
and Humanities
Committee on Labor and
Human Resources
U.S. Senate
Washington, D.C. 20510

Dear Senator Pell:

The United Concerned Cosmetology School Owners are a group of involved school owners who are deeply concerned about the student loan default problem. We serve in various capacities on the three major cosmetology organizations, the National Accrediting Commission of Cosmetology Arts and Sciences, the National Association of Accredited Cosmetology Schools and the National Cosmetology Association.

On behalf of the students presently enrolled and their peers who will follow, we have come up with a number of concrete recommendations to Congress for dealing with Guaranteed Student Loan defaults, particulary if institutions are to become more involved in default reduction.

We are strongly opposed to any legislative initiative which is mechanical, such as the establishment of a specific default percentage for purposes of denying further access to student loans. This approach is punitive in nature and presupposes that in the past Congress had specifically carved out an active role for institutions to play and that somehow the schools have not lived up to these. The fact is that the many changes made in the Higher Education Amendments of 1986 have not been felt yet, and despite these, the role of the schools in defaults avoidance still remains statutorily limited. As you can see from our recommendations, we feel that with greater accountability must be accompanied by a commensurate degree of rights and prerogatives.

We feel that what is needed is less finger pointing and recrimination and instead the development of a comprehensive cooperative plan involving all sectors having a role or interest in the student loan debate. The rhetoric coming from the U.S. Department of Education is counterproductive and in many instances wrong. We need to first get a handle on terms and statistics in order for all of us to know precisely what we are talking about. Defaults should be calculated on a "net" basis, and the manner of calculation should be uniform. Access to information has to be opened up to the schools. We need to allow institutions to purchase loans if they so desire. Furthermore, some consideration must be given to making allowances for institutions that serve high risk populations and which despite an all out effort will nevertheless continue to reflect higher default rates than the norm. Finally, we believe that there is a need to explore other avenues including expanded use of the tax and social security system of this country to secure eventual repayment of loans. Employers should be enlisted in these efforts as well.

Only a comprehensive approach, such as the one proposed by Senator Simon in his bill S. 1931, which we would endorse with certain refinements, would provide, in our estimations, a balanced solution to a complex and serious problem. We are providing you with the following information to assist you and members of the Subcommittee in your deliberations:

- * Recommendations on the GSL Default Issue
- * Default Myths and the Truth
- * Facts and Figures about Cosmetology Education

We stand ready to assist you and thank you for the opportunity to provide input toward the resolution of this critical societal problem.

Sincerely,

Stan Gordon

Stan Gordon
Co-Chairman

Encl.

November 9, 1987

Recommendations on GSL Default Issue

In order to develop and enact sound long range public policy, Congress needs to be fully informed on issues and alternatives. No mechanical and precipitous action should be taken until Congress has fully focused on the issue via hearings. These recommendations have been compiled with the following objective in mind:

1. Maintenance of full GSL access for high-risk students.
2. Reduction of defaults. Defaults have become an important political issue irrespective of the cost of the defaults.
3. Reduction of federal reinsurance costs. Proposals must have the effect of reducing federal expenditures for student loan defaults.

The following are the recommendations of the cosmetology educational sector to Congress on the GSL default issue.

* 1. Statistics - Prompt implementation of a national GSL data base using uniform information, with annual updates is needed. The "GSL Record Dump Data" maintained by the U.S. Department of Education which served as the basis for the FFIS Default Study is totally inaccurate and incomplete. Current and accurate data needs to be developed and maintained.

2. Data Correction - The Higher Education Act should expressly provide for a system through which an institution can correct default information data held by lenders, guarantors and the U.S. Department of Education. Data needs to be continually updated for offsets.

3. Uniform and Universal Definition of Default - The Higher Education Act should establish a uniform and universal definition of defaults to be used by institutions, lenders, guarantors, secondary markets and the U.S. Department of Education. That definition should reflect, in addition to a set manner of calculation, net defaults which take into account amount paid prior to default and subsequent collection and repayment. An institution that has experienced a change of ownership within the last year does not "inherit" the default rate. Also, ATB students should be excluded from default calculations.

* 4. Duties of Lenders, Guarantors and the U.S. Department of Education - Congress should provide the necessary oversight to ensure that due diligence and collection requirements anticipated in law are being complied with.

5. Due Diligence - Lenders and Guaranty Agencies must contact state licensing agencies as part of tracing efforts to secure a borrower's address, in cases where a borrower pursued studies in a licensed profession.

6. Institutional Role - If institutions which presently have little statutory role in loan origination and collection are expected to have an impact on delinquency, and consequently on the default rate, they need to be accorded the necessary statutory tools. These include:

 * a. Financial Aid Officer Discretion: Allow financial aid officers to exercise the authority given them in Sec. 479 of the Higher Education Amendment to reduce the amount a student is eligible to borrow based on their own knowledge of the student's situation.

 b. Notification: (1) The student and the institution need to be notified each time that a loan is sold. The name and address of the institution to which the loan is sold needs to be provided. (2) Delinquency notices should be sent to the institution in addition to being sent to the student. Institutions need to be afforded the right to update and correct information provided by lenders and guarantors. (3) Lenders should be required to provide institutions with a full loan status report before and after a loan enters into repayment, at least every other month.

 c. Loan Purchase: Allow institutions to purchase loans, including delinquent or defaulted loans from lenders, guarantors, other holders and the federal government. The provision of the Higher Education Act relating to insurance and interest benefits would not apply to such purchased loans. The "institutional" default rate would be offset accordingly.

 d. Effect of Drop on Repayment: Require students who drop out of an institution to begin repayment immediately. Grace period at this time tends to increase possibility of default.

 e. Institutional Role in Repayment: Provide for institutional assistance in loan repayment, coupled with an express exemption from statutes which may limit this role. The Secretary should, via regulations, publish model institutional repayment encouragement programs.

 * f. Loan Counseling: Require institutions to conduct loan counseling when a student enters, as well as immediately prior to graduation.

 * g. Loan Limit: Require institutional certification of loan limit.

7. National Clearinghouse - Development of a National Informational Clearinghouse for Defaulted Loans funded through the U.S. Department of Education.

8. Monthly Billing - Require lenders to send a monthly statement to borrower for repayment purposes.

9. One GSL/Academic Year - Limit GSLs to not more than two in any 365 day period.

* 10. Internal Revenue Service Efforts - Continue IRS' authority to collect on defaulted loans via federal income tax refunds. Allow for the collection of loans using garnishment of wages.

* 11. Administrative Action - Require the development of non-arbitrary standards for guarantee agencies and the U.S. Department of Education to bring limitation, suspension and termination action against an institution. Such standards shall afford the institution due process and a full opportunity to rebut findings and information.

12. Guaranty Agency Review - Guaranty agencies shall conduct an on-site audit of institutions whose default rates are in the top 5% of default volume. Guaranty Agencies and lenders should have the authority to require any institution to provide and develop a default reduction plan. The agency or lender may require institutional implementation of such plan and require the institution to report back on the results achieved. The agency or lender may institute disciplinary actions for failure to implement such a plan.

13. GSL Default Study - Mandate a thorough study of GSL defaults, particularly as these are influenced by socio-economics. The study should also delve into the possibility of shifting low income students away from loans and making available increased grant assistance to such students.

14. Relative Default Rates - Secretary shall develop a system of "relative default rates" by location and students served.

15. Delayed Disbursement: No GSL should be disbursed until a student has been enrolled for at least three weeks.

16. Examine alternative ideas to minimize and recover defaulted dollars (i.e., incentive plans, tax credits, social security, IRS, etc.)

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* Issues where there is current statutory authority under the Higher Education Act, which is not being fully implemented.

UNITED CONCERNED COSMETOLOGY SCHOOL OWNERS

"SAVE OUR STUDENTS"

"SAVE OUR STUDENTS"
CONCERNED COSMETOLOGY SCHOOL OWNERS

DEFAULT MYTHS & THE TRUTH

Prepared by the National Accrediting Commission of
Cosmetology Arts and Sciences

The following is a list of myths that have developed around the Guaranteed Student Loan default issue, as well as the truth. These truths are not yet self evident. We need to publicize them. Additionally we are providing a number of concrete recommendations for Congress to deal with the GSL default issue.

MYTH #1: Data in the Federal Funds Information for States (FFIS) report is accurate

FACT: The data contained in the FFIS report is neither accurate nor complete. The data is derived from information provided by the U.S. Department of Education. Assistant Secretary Kimberling had information from the Inspector General's Office going back to March of 1987 which established that the default data was severely flawed and that "use of the current data will result in the Department of Education making incorrect decisions in monitoring and managing the multibillion dollar GSLP."

The inaccuracy of the FFIS data has been further corroborated by the following examples:

- Mississippi - Every entry is wrong, as verified by the guaranty agency. Additionally, twenty institutions are listed, while sixty do business with the state agency.
- Pennsylvania - Numerous institutions are listed which are no longer in existence. Some, such as Apex (the top defaulter listed for Pennsylvania) were dropped from the accredited rolls. The Pennsylvania Higher Education Assistance Agency (PHEAA) has publicly stated that the default rate for loans it guarantees is less than 5%, while the FFIS would place that percentage at 23% for this state. One of our accredited schools in Pennsylvania with several locations reports errors from 4% to 17% when comparing PHEAA data to the FFIS data.
- California - California schools have verified that the "never enrolled" category used in default computations is very inaccurate. The Department has acknowledged that according to its own findings, the "never enrolled data" in one particular institution was only 24% accurate, while a study of 1200 borrowers showed this same data to be only 50% accurate. One California cosmetology institution with four facilities, after securing data from the state agency, determined that there was an error factor of 11%, 14%, 25% and 37% respectively in this category.

MYTH #2: Lenders, Guarantors and the U.S. Department of Education are doing everything possible to reduce defaults

FACT: According to the recent GAO Report, "Private Lender Collection Efforts Often Inadequate" those with primary responsibility for effectuating loan repayment and collection are not doing their job. The report found:

* Agency Collection Standards not approved by Department of Education.
* Collection Standards are Inadequate.
* Guarantors are reluctant to reject claims based on lack of due diligence. Nearly half of claims could have been rejected for failure to follow standards
* Department of Education lacks adequate oversight. over collection and claims standards and procedures.

MYTH #3: Institutions are Responsible for Student Defaults

FACT: This is untrue. Frequently institutions with high default rates happen to serve high risk populations. Recent studies looking into the reasons for defaults found that "no relationship exists between the type of school and defaults" (Wilms, Whose Faults is Defaults? A Study of Student Characteristics and Institutional Practices on Guaranteed Student Loan Default Rates in California", Educational Evaluation and Policy Analysis, Spring 1987, p. 49). The study concludes that student characteristics, particularly socio-economic, rather than those of the institution they attend, affect defaults. Cosmetology education serves many minority women from low income backgrounds, who were found by the Wilms study to have a much higher tendency to default on loans.

Myth #4: Institutions are primarily responsible for loan awards, default prevention and collection

FACT: An institution has no say as to whether a loan is to be granted or not. A Guaranteed Student Loan involves a student applicant, a lending institution, a guaranty agency, and the U.S. Department of Education. Aside from loan counseling and information, the role carved out for institutions under federal law and regulations is severely limited. An institution can't even buy back a loan in an effort to reduce the default rate.

MYTH #5: Institutions do not want to help out in default reduction.

FACT: Schools are committed to default reduction and due to statutory and regulatory constraints are frustrated in their efforts to promote such reduction. Schools have problems gaining access to loan information data, and are rarely contacted by lenders and guarantors. Even federal law is unclear as to the ability of school to assist lenders in the collection of delinquent and defaulted loans. In fact, federal law may be a bar to such practice. Institutions have found that information furnished to lenders, such as shifts from full time to part time status, change of address and withdrawal and even a student's death is not processed in an timely fashion, thus distorting students' loan records and diminishing collection chances. California and Kansas State Boards of Cosmetology, for example, have been willing to share information on licensees (i.e., current addresses) with lenders and guarantors to no avail.

MYTH #6: Default statistics maintained by the Department of Education represent actual number of defaulters and total dollars uncollected.

FACT: Default statistics represent a distortion. Data provided by the Department of Education is in terms of "gross" default rates and presents a distorted picture, since most collection is made within the first three months of default and the figures touted show no offsets for collection. Because of collection, the average default rate should be reduced by 10% to 30%.

MYTH #7: Institutions have ready access to default information.

FACT: Wrong. Consider the following vignette:

Ms. Notarianni, Director of John's Creative School of Cosmetology in Cranston, Rhode Island was contacted by the local press shortly after default information on a school by school basis was circulated in the FFIS Report. The institution had never been contacted by the Rhode Island Higher Education Assistance Authority in the eight years since the school began participating in the GSL program. Visibly upset by the purported 28% default rate, Ms. Notarianni began calling the guaranty agency. In her first call she was told that information on defaults was unavailable and could not be provided. She called again and was told "we don't do that. You don't have any need for defaulters' names." She called two more times and got nowhere. Finally on the fifth call she was able to speak to a Mr. Stolask, who told to put her request in writing to Mr. Madigan, with no guarantee that the information would be ultimately provided. Ms. Notarianni pointed out that "who better than I knows these students? I feel frustrated because for years I was kept in the dark and suddenly I'm being taken to task. I don't skirt responsibility. I welcome it. But I can't move mountains if I'm up against a brick wall."

FACTS AND FIGURES ABOUT COSMETOLOGY EDUCATION

1. Number of Students: 250,000 (150,000 in NACCAS accredited schools)

2. Institutions: 3,500 (public, private, proprietary and non-profit)

   a. Public........1,000
   b. Private.......2,500
   c. Accredited by NACCAS.....1,700

3. Length of Program (Basic Cosmetology): From 1000 hours (low) to 2100 (high), with an average of 1500 hours

4. Student Characteristics:

   a. Marital Status, Income, Sex: Predominantly single, low income, female

   b. GSL borrowers: (82% female, 18% male, 48% white, 32% Black, 18% Hispanic; 52% with family incomes of less than $7000, with 43% with family incomes between $7000 and $30,000., 39% dependent, 38% under 20 years of age, 51% were between 20 and 35, and 13% were over 35. (National Commission on Student Financial Assistance, The Guaranteed Student Loan Program and Vocational Students: A Success at Risk, Wellford Wilms, 1984)

5. Licensure: 76% pass rate (110,711 out of 145,114 (1984-85) - See state by state chart).

   Number of Licensed Cosmetologists: 1.6 million

6. Completion: 69% average

7. Percentage placed in related jobs:

   Over 70% - Examples: 72% (Virginia) and 79% (Pennsylvania)

8. Salon Industry:

   Sales - $21,240,596,000. in total sales (1987 projected - gain of 6% over 1986).

   Number of Salons: 260,000
   Starting Salary: $16,800 (Key Magazine, Fall 1987)

9. Employability: See attached assessment by salon industry "Employability in Cosmetology"

10. Default Initiatives: Task Forces on Defaults have been established by the National Accrediting Commission of Cosmetology Arts and Sciences and the National Association of Accredited Cosmetology Schools. Both organizations have endorsed the Private Career School Default Management Initiatives.

Number of Students who took the cosmetology state licensing examination and the numbers who passed. (Statistics for 1984-85. Source: National Beauty School Journal)

State	Students Examined	Students Passed
Alabama	1,120	1,030
Alaska	163	133
Arizona	1,414	919
Arkansas	950	820
California	23,855	20,277
Colorado	2,279	1,986
Connecticut	1,034	886
Delaware	380	330
District of Columbia	579	329
Florida	7,875	5,165
Georgia	1,840	1,755
Hawaii	385	235
Idaho	595	490
Illinois	6,141	4,611
Indiana	3,100	3,085
Iowa	1,446	1,281
Kansas	1,082	1,033
Kentucky	1,200	1,160
Louisiana	3,375	3,000
Maine	463	353
Maryland	1,544	484
Massachusetts	1,605	1,380
Michigan	8,219	5,096
Minnesota	3,900	3,100
Mississippi	1,582	1,052
Missouri	2,482	1,992
Montana	370	285
Nebraska	657	601
Nevada	730	625
New Hampshire	500	478
New Jersey	4,028	3,148
New Mexico	809	602
New York	6,946	6,035
North Carolina	2,776	2,187
North Dakota	296	242
Ohio	6,750	6,365
Oklahoma	2,232	1,898
Oregon	1,745	1,538
Pennsylvania	15,975	9,200
Puerto Rico	1,150	825
Rhode Island	515	505
South Carolina	1,633	1,374
South Dakota	237	210
Tennessee	2,500	2,010
Texas	10,865	8,665
Utah	1,005	570
Vermont	116	110
Virginia	2,880	2,475
Virgin Islands	100	85
Washington	3,000	2,435
West Virginia	735	669
Wisconsin	2,307	1,722
Wyoming	207	158
TOTALS	149,672	116,948

Employability in Cosmetology

Hair salons are among the top 10 most profitable business enterprises in the United States (Her Own Business, by Joanne Wilkens, McGraw Hill Books).

"In the 1990's, the American economy will be energized by the rapid expansion of service industries. For the young person bold enough to strike out on his or her own, cosmetology offers a future of fashion, independence, creativity and financial reward. The professional salon industry is the only place I know where millionaires are made with a year's training." (American Salon, September, 1987).

"At Clairol, a cosmetology license can be a license to move ahead. It can immediately make a potential employee more marketable and open the door to a horizon of career opportunities." (Mike DeGennaro, President, Clairol, October 1987).

"At the present time, many of the large franchise and chain salons are crying out because of lack of cosmetology employees to hire. Therefore, the old theory that there is a "glut" in this field of cosmetology is not true. Cosmetology students who are well trained and have their heart set on becoming a cosmetologist will never have a problem getting a job, opening their own salon or being a success in their chosen industry." (Thomas E. Berger, Executive Director, National Cosmetology Association, August 1987).

"Without beauty and barber schools there would never be an adequate amount of hair stylists available to satisfy the ever growing demand for quality-trained professionals. The demand for quality-trained professionals is so great that Redken Laboratories, Inc. implemented a referral service over four years ago that introduces newly graduated professionals to salons across the country. We received in excess of 500 inquiries per month and, in turn refer over 20,000 newly graduated professionals per year to salons across the country in need of stylists." (Ennio Cantore, Director of Educational Schools and Chain Salon Division, Redken Laboratories, September 1987).

"We're found that a constant problem among salons owners is finding trained young people to fill positions as stylists. It appears that there is a definite undersupply of well-trained, licensed graduates and an oversupply of openings." (Mary Atherton, Editor, Modern Salon, August 1987).

"We certainly sense that (expansion) trends will continue in the near future and find that there are many psychological factors at work that indicate the salon field will be enjoying tremendous growth during the next five to ten years." (Howard Hafetz, President, Raylon Corporation, July 1987).

"In my opinion, over the past 10-15 years cosmetology has got to rank at one of the highest levels for employment among bright, enthusiastic young adults." (Kevin McKowen, Vice President, John Paul Mitchell Systems, October 1987).

"It is of utmost importance that Federal and State agencies be made aware of the growing need for cosmetology school graduates...Our field has grown tremendously in the 1st decade, not only in numbers, but in the variety and specialization in the cosmetology area...Newspapers have columns of want ads for cosmetology and numerous salons are advertising for employees...Through my own personal contacts with the beaut industry leaders, and through reports of my sales consultants, I have seen that the importance of student graduates to fill the demands of our Industry is ever increasing." (Carl J. Mione, Vice President, Burmax, August 1987).

"Enrollments are off by 10% (24,231), while the rate at which new salons are opening is on the increase (7%). This highlights the fact that the entrepreneurial spirit is very much alive and cosmetologists are opening, in ever increasing numbers, small salons of their own. It should be obvious that the growing number of salons and the decrease in the number of graduates is going to create a demand for additional licensed cosmetologists" (Thomas J. Severance, President, Milady Publishing Corporation, a John Wiley & Sons Company, August 1987).

"I must say that I am shocked that the industry is even in a position of having to defend the employability factor in the cosmetology industry. While we do not keep records...we here in the office as well as our outside sales force, have constant request from salon owners for potential employees to interview." (Corinne Runyon, President, Johnny De, Inc. wholesale beauty and barber supplies, July 1987).

Senator PELL. I thank you all for being with us today, Dr. Cronin, Mr. Blair, Ms. Fuller, Mr. Sweet, and wish you well.

There may be some questions my colleagues may wish to ask, and they will send them to you by mail in that case.

Thank you very much. This hearing is adjourned.

[Whereupon, at 12:25 p.m., the subcommittee was adjourned.]

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